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HEARINGS

BEFORE THE

COMMITTEE ON THE MERCHANT MARINE
AND FISHERIES

ON

H. R. 31689

TO PROVIDE AMERICAN REGISTERS
FOR CERTAIN STEAMERS

WASHINGTON
GOVERNMENT PRINTING OFFICE

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[H. R. 31689, Sixty-first Congress, third session.]

A BILL To provide American registers for the steamers San Jose, Limon, Esparta, Cartago, Parismina, Heredia, Abangarez, Turrialba, Atenas, Almirante, Santa Marta, Metapan, Zacapa, Greenbrier, Peralta, La Senora, and Sixaola.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Commissioner of Navigation is hereby authorized and directed to cause the foreign-built steamers San Jose, Limon, Esparta, Cartago, Parismina, Heredia, Abangarez, Turrialba, Atenas, Almirante, Santa Marta, Metapan, Zacapa, Greenbrier, Peralta, La Senora, and Sixaola, owned by the United Fruit Company, incorporated under the laws of the State of New Jersey, to be registered as vessels of the United States: *Provided,* That the said steamships shall not engage in the coastwise trade of the United States, but shall not be excluded from that between this country and the ports of the Panama Canal Zone.

Any steamships so registered under the provisions of this act may be taken and used by the United States as cruisers or transports upon payment to the owners of the fair actual value of the same at the time of the taking, and if there shall be a disagreement as to the fair actual value at the time of taking between the United States and the owners, then the same shall be determined by two impartial appraisers, one to be appointed by each of said parties, who, in case of disagreement, shall select a third, the award of any two of the three so chosen to be final and conclusive.

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AMERICAN REGISTERS FOR CERTAIN STEAMERS.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES, HOUSE OF REPRESENTATIVES, Washington, D. C., Monday, January 30, 1911.

The committee met at 10 o'clock a. m., Hon. William S. Greene in the chair.

The committee thereupon proceeded to the consideration of the bill (H. R. 31689) to provide American registers for the steamers *San Jose*, *Limon*, *Esparta*, *Cartago*, *Parismina*, *Heredia*, *Abangarez*, *Turrialba*, *Atenas*, *Almirante*, *Santa Marta*, *Metapan*, *Zacapa*, *Greenbrier*, *Peralta*, *La Senora*, and *Sizaola*.

The CHAIRMAN. Without objection the committee will come to order. We are one or two short of a quorum, but in the absence of objection we will start the hearing.

Mr. HUMPHREY. Mr. Chairman, I would like to call up for consideration the bill H. R. 31689, which provides for giving American registry to certain vessels owned by the United Fruit Co. The provisions of the bill are to permit them to be registered for foreign trade; and in case of war they are to be turned over to the Government under practically the same conditions as are contained in the law of 1891. This bill is a little better in its wording, I think; and it was taken from the statute that was passed in regard to some other vessels—I think the *City of Paris*, and others. What statute was this taken from, Mr. Penfield?

Mr. WALTER S. PENFIELD. It was taken from the New York-Paris act. It is practically the same as the statute of 1891.

Mr. HUMPHREY. Yes. The manager of the United Fruit Co. is present, Mr. Ellis, of New Orleans. I ask that Mr. Ellis be heard, in favor of the bill.

STATEMENT OF MR. CRAWFORD H. ELLIS, MANAGER OF UNITED FRUIT CO., NEW ORLEANS, LA.

The CHAIRMAN. Mr. Ellis, will you give your name and occupation and whom you represent?

Mr. ELLIS. My name is Crawford H. Ellis. I am manager of the United Fruit Co., of New Orleans, La.

Mr. ALEXANDER. Mr. Chairman, have we a quorum present?

The CHAIRMAN. We are one short, but he has been reported.

Mr. ALEXANDER. I think we ought to have a quorum if we are going to act on this bill.

The CHAIRMAN. If we were going to act on the bill at once I should require a quorum. Of course, if there is objection to proceeding we will wait until there is a quorum present.

Mr. ALEXANDER. Of course, if we have the privilege of having these hearings printed, and the Members can read them hereafter, it

will be different; but if we are going to act on the matter we ought to have a quorum present.

Mr. GOULDEN. I think the hearing will be printed.

Mr. CLARK. We will hardly act on it to-day, anyhow.

Mr. ALEXANDER. If we are not going to act on it to-day I will waive the question of the absence of a quorum.

The CHAIRMAN. I hardly think we will be inclined to act on the bill to-day. We will simply get the information.

Mr. ALEXANDER. All right; go ahead, so far as I am concerned.

The CHAIRMAN. Mr. Ellis, you may proceed, without objection.

Mr. ELLIS. Mr. Chairman and gentlemen, you have before you a bill introduced by Mr. Humphrey, providing for American registry for 17 of our ships which are engaged in the foreign trade. These vessels ply from Boston to the West Indies and Central America; from New York to the West Indies and Central and South America; from Philadelphia to the West Indies and Central and South America; from Mobile, Ala., to Central America, Panama, and South America; and from New Orleans to Central America, Panama, and South America.

Our company are engaged in not only the transportation business to those countries, but we have very large interests in every one of those republics, particularly the Republics of Central America, Panama, and Colombia in South America. Our capital is every bit American. Our corporation is wholly American in every respect, and in view of the large investments of American capital, which we have in those countries, in view of the commissaries that we have down there for which we buy American goods, and American goods that are transported on our vessels, we feel that we would like to place them under the American flag for the purpose of not only having everything that we have American, but for reciprocal protection in case of any disturbances in those countries at any time.

I may say that, in looking at the statistics of the foreign trade now carried in American bottoms, I have noticed that it is not quite 9 per cent. If these ships were permitted to take the American registry it would immediately double this percentage, and make it about 20 per cent. In 1861 the percentage of American commerce carried in American bottoms was about 65 per cent. It has gradually dwindled down to about 9 per cent, notwithstanding the ocean mail act of 1891, which seems to have benefited commerce very little.

I need not recite to you gentlemen why these ships were not built in this country. It was simply physically impossible to do it and compete with the steamers engaged in the trade from the United States to foreign countries at the price we would have had to pay for them here.

Mr. GOULDEN. Right there, Mr. Ellis, I would like to ask you where your ships were built, principally?

Mr. ELLIS. They were built at Belfast.

Mr. GOULDEN. All of them?

Mr. ELLIS. They were built either at Belfast or Newcastle. They were built right there in that vicinity. They were all built in Great Britain.

Mr. SWASEY. Have you a record of the tonnage of each vessel?

Mr. ELLIS. Yes, sir; I am about to read a record of the tonnage of these vessels, and the cost of them. I will give you the names of the

steamers, their registry, their American tonnage, and their dead weight capacity, in tabulated form.

The steamship *San Jose*—

The CHAIRMAN. I would suggest that you read it and then hand the stenographer a copy of what you have there, and he can put it in the record.

Mr. ELLIS. I will have to pick the information out in such a way that I do not think he could get it down in that way.

The CHAIRMAN. All right; proceed in your own way.

Mr. ELLIS. The steamship *San Jose* cost in Great Britain \$332,751.20. Estimated cost in this country, \$443,668.27. The steamship *Limon*—

Mr. GOULDEN. Give us the tonnage of that ship before you go on to the next.

Mr. ELLIS. Three thousand six hundred and eighty-six tons.

Mr. BARCHFELD. And the speed.

Mr. ELLIS. Twelve and a half knots.

Mr. HUMPHREY. Which is that you are reading about?

Mr. ELLIS. The *San Jose*.

Mr. GOULDEN. I would like to have the tonnage and the speed, in each case.

Mr. ALEXANDER. Let me have a copy of the registry as shown by the Bureau of Navigation.

Mr. BARCHFELD. It is the cost that I want to get at.

Mr. ALEXANDER. This [indicating] gives the gross tons as 3,296, and the net tons as 2,107.

Mr. ELLIS. That is the gross tons, 3,296. This is the net weight capacity, 3,686 tons.

Mr. ALEXANDER. It says here, 3,296 gross tons; 2,107 net tons; built in 1904; speed 14 knots.

Mr. HUMPHREY. The figures you have are furnished by the department?

Mr. ALEXANDER. Yes.

Mr. HUMPHREY. They give them a little better rating than Mr. Ellis puts it at.

Mr. ELLIS. They do not have a speed of 14 knots. They have a speed of 12½ knots, sir. The next is the steamship *Limon*. It is the same thing. The next is the steamship *Esparta*. That is the same thing. Those are three sister vessels. The next is the *Cartago*. That cost in Great Britain \$631,226.25; estimated cost in this country, \$841,635; gross tonnage, 4,937.28 tons; dead weight capacity, 5,000 tons; speed 12½ knots.

Mr. GOULDEN. I think it would be interesting if you would tell us when the ships were built, and give us an idea as to whether they are old hulks or comparatively new vessels.

Mr. ELLIS. The first three were built in 1904, and they came out in the latter part of that year. The three just mentioned were built in the latter part of 1908. They are all new vessels.

Mr. GOULDEN. That is what I wanted to know.

Mr. ALEXANDER. You have only mentioned one of the three.

Mr. CLARK. You have only mentioned the *Cartago*, of the next three.

Mr. ELLIS. The next is the *Parismina*. That is the same as the *Cartago*. The *Heredia* is the same as the *Parismina*. There is some

fractional difference, but it is very slight. The next is the *Turrialba*. The cost in Great Britain was \$576,650.99.

Mr. CLARK. Mr. Ellis, did you not skip one right after the *Heredia*?

Mr. ELLIS. I am going back to it. The estimated American cost was \$768,867.98; gross tonnage, 4,960.50; dead weight capacity, 5,000 tons; speed, 12½ knots.

Mr. GOULDEN. When was it built?

Mr. ELLIS. It was built in 1909. The *Abangarez* is the same as the *Turrialba*. The *Atenas* is the same. They were all built in 1909.

Mr. BARCHFELD. The last three are sister ships, are they?

Mr. ELLIS. Yes, sir. We usually build our ships in threes. The next is the *Almirante*, built in 1909; cost in Great Britain, \$575,595.26; estimated cost in this country, \$767,460.35; gross tonnage, 5,010; dead weight capacity, 5,000 tons; speed, 12½ knots. The *Santa Marta*, built in 1909, is the same. The *Metapan*, built in 1909, is the same. The next is the *Zacapa*, built in 1909. That is the same. The next is the *Greenbrier*. It was built in 1893, and was thoroughly overhauled in 1909.

Mr. BARCHFELD. Where?

Mr. ELLIS. In New Orleans. Cost in Great Britain, \$238,247.61; estimated cost in this country, \$317,663.48; gross tonnage, 3,331.93; dead-weight capacity, 4,125 tons.

Mr. GOULDEN. What is the speed?

Mr. ELLIS. The speed is 10½ knots. The next is the *Peralta*, built in 1911. She will shortly be launched. Estimated cost in Great Britain, \$575,000; estimated cost in this country, \$766,666.67; gross tonnage, 5,000; dead-weight capacity, 5,000 tons; speed, 12½ knots.

The next is the *La Senora*, built in 1911. Cost in Great Britain, \$575,000; estimated cost in this country, \$766,666.67; gross tonnage, 5,000; dead-weight capacity, 5,000 tons; speed, 12½ knots.

The next is the *Sizaola*, built in 1911. Cost in Great Britain, \$575,000; estimated cost in this country, \$766,666.67; gross tonnage, 5,000; dead-weight capacity, 5,000 tons; speed, 12½ knots.

Mr. GOULDEN. I understand that they are to be launched this year? You say they were built in 1911. They are to be launched this year?

Mr. ELLIS. Yes, sir; they are to be launched very shortly—within the next 60 or 90 days.

Mr. GOULDEN. You say "estimated cost in this country." On what do you base those estimates?

Mr. ELLIS. That is based on estimates that we have secured from time to time when we were building ships in Great Britain.

Mr. GOULDEN. Did you invite bids?

Mr. ELLIS. Yes, sir.

Mr. GOULDEN. And you got bids in this country?

Mr. ELLIS. We got some bids from shipbuilders in this country. We have not done that very recently; but when we first began to build our ships in 1908 and 1909 we did that. I do not remember just whom we got those bids from, but we got them at the time. We made the comparisons, because we were thinking very seriously then of building some ships here, even though at an advance in the cost; but the difference was so great that we were compelled to go abroad.

Mr. HUMPHREY. Was there another vessel that you wanted to include? I am informed by Congressman Weeks that the company

has decided to ask that another one of the vessels be included. Do you know anything about that?

Mr. ELLIS. No; I have not been advised of it, sir. Mr. Weeks might be here, and he might have something.

Mr. HUMPHREY. He will probably come in later. I thought that you might know something about it.

Mr. ELLIS. No, sir; I have not been advised about it at all, Mr. Humphrey. These are the 17 ships, gentlemen. This comprises one of the newest fleets that there is afloat to-day owned by any one company. All of these vessels with the exception of the *Greenbrier* carry passengers and freight to the Central American countries. They are all refrigerated, and bring their fruit from Central America to this country under refrigeration, which means that a shipment of fruit from those countries to interior points of the United States is assured of reaching there in good condition, something that has never been done heretofore. It is a new venture in our particular business.

Mr. GOULDEN. Are the ships all equipped with wireless apparatus?

Mr. ELLIS. They are all equipped with wireless apparatus.

Mr. GOULDEN. Every one of them?

Mr. ELLIS. Every one except the *Greenbrier*, and we are going to equip that.

Mr. GOULDEN. That is the only one that is an exclusively freight boat, and that does not carry passengers?

Mr. ELLIS. That is the only one that is an exclusively freight boat and does not carry passengers, and it is the only one that is not equipped with wireless.

Mr. GOULDEN. What is your passenger-carrying capacity, taking the whole 16 vessels that carry passengers now, approximately?

Mr. ELLIS. I would rather give it to you separately.

Mr. GOULDEN. Never mind. I wanted to know how many passengers you could carry, approximately.

Mr. ELLIS. I should say about 12 have passenger capacity of about 112 first-class passengers each. The others will carry 24 to 35 first-class passengers each. These vessels are not only equipped for handling freight under refrigeration, but they are well equipped for handling freight outward to those Central American countries. It is the only means of handling commerce out of the southern ports, Mobile and New Orleans, to the Central American countries. The trade that has been built up to those countries has been built entirely over their line.

The CHAIRMAN. Will you tell us why you have never asked for American registry before?

Mr. ELLIS. We have just gotten the ships straightened out in their itinerary. The reason we have not done it heretofore is because we have been hoping that some general bill would pass Congress of which we could take advantage, but it seems that there is no chance of getting anything of that sort through. We were working with Mr. Humphrey here last year on his combination bill, containing a mail-carrying provision, which would permit our ships to be put under the registry; but we have not been able to get that bill through.

Mr. GOULDEN. Permit me to say that it was not Mr. Humphrey's fault.

Mr. ELLIS. I do not believe it was, either.

Mr. HARDY. You did not think your freight business would go in the mail, did you?

Mr. ELLIS. No, sir; we did not expect that.

Mr. HUMPHREY. I was guilty of suggesting this myself a short time ago, you will remember.

Mr. ELLIS. Yes, sir; I was up here a few weeks ago, and I asked you how the bill was getting along. You said there did not seem much chance of getting it through, and suggested the idea of introducing a special bill to cover our ships. That appealed to me, and I went to Boston to see our people, and they told me to go ahead. I came back to Washington and conferred with Mr. Humphrey, and we decided on this course.

Mr. GOULDEN. Your headquarters are at Boston?

Mr. ELLIS. Yes, sir.

Mr. BARCHFELD. What is the capitalization of your corporation?

Mr. ELLIS. \$25,000,000.

Mr. HARDY. What is your proposition?

Mr. ELLIS. To admit to American registry, to engage in foreign trade only, 17 British-built ships now flying the British flag—to put them in American commerce.

Mr. HUMPHREY. You are not asking for any change in the navigation laws in any respect?

Mr. ELLIS. No, sir; we are not asking for any change in the navigation laws. We propose to comply with the general navigation laws.

Mr. SWASEY. The provision of the bill is that you are not to be excluded from the trade between this country and the ports of the Panama Canal Zone.

Mr. ELLIS. We are not excluded now, so far as that is concerned. We are engaged in the trade now between New York and New Orleans and the Panama Canal Zone.

Mr. SWASEY. This covers both coasts—the Atlantic and the Pacific. It gives you the right to run either way.

Mr. ELLIS. No; only the ports of the Canal Zone. That is, Colon and Panama.

Mr. SWASEY. You do not propose to use any ports here except the Atlantic ports?

Mr. ELLIS. That is all; yes, sir. We propose to run from the Atlantic ports to Central America, the West Indies, Panama, and South America.

Mr. SWASEY. There is no question here as to your right under this bill. It reads—

shall not engage in the coastwise trade of the United States, but shall not be excluded from that between this country and the ports of the Panama Canal Zone.

You take both ends of the canal.

Mr. BARCHFELD. They have no vessels on the Pacific side.

Mr. SWASEY. I know; but the way is open. The canal is open, to get around.

Mr. GOULDEN. Mr. Swasey thinks that in 1915 they will be able to get through.

Mr. ELLIS. We are not excluded now.

Mr. HARDY. What ports are there in the Canal Zone that this would let you into?

Mr. ELLIS. Colon and Panama, where we go every week.

Mr. HARDY. Those are the only ports——

Mr. BARCHFELD. On the Atlantic side, Brother Hardy.

Mr. HARDY. I understand there is another end to it.

Mr. BARCHFELD. On the Atlantic side Colon is in the Republic of Panama. Cristobal is in the Canal Zone. They are contiguous.

Mr. HARDY. But his statement is that he would expect under this provision to go to Colon.

Mr. BARCHFELD. Yes, sir. He goes to Colon now. Colon is in the Republic of Panama. There is nothing in the world that can prevent him from doing business within the Republic of Panama. He is not asking to come into the Canal Zone.

Mr. HARDY. Yes; I understand that he wants the privilege of going into the Canal Zone.

Mr. ELLIS. It is not the privilege we want. We want the privilege which we are now enjoying to continue. We do not want some bill to be introduced later on declaring the Canal Zone to be in the coastwise trade.

Mr. ALEXANDER. The Canal Zone is not in the coastwise trade now?

Mr. ELLIS. No, sir.

Mr. HARDY. Do you want the privilege of going to Cristobal?

Mr. ELLIS. Colon and Cristobal. Cristobal is the Atlantic port of the Canal Zone.

Mr. HARDY. You have not got the privilege now?

Mr. ELLIS. Yes, sir; we have now.

Mr. ALEXANDER. It is not within our coastwise service now, is it?

Mr. ELLIS. It is not regarded now as being within the coastwise service.

Mr. HUMPHREY. Any vessel on earth can engage in this trade right now?

Mr. ELLIS. Yes.

Mr. HUMPHREY. As I understand, you are not asking for a single additional privilege that you do not have now. All you ask is to have the American flag given to you.

Mr. ELLIS. That is right.

Mr. HARDY. Then why is there any necessity for putting this exception in there?

Mr. ELLIS. I do not mind telling you.

The CHAIRMAN. What is the question?

Mr. HARDY. The question is why was the exception put in here, if it gives you no privilege that you have not already got?

Mr. ELLIS. Only for this reason, sir: We are now enjoying this privilege, as are all other foreign vessels; but there may be a bill introduced at some later date by which the Panama Canal Zone will be considered as within the coastwise trade. We would not want to be shut out of that trade when we have built vessels especially for it.

Mr. HARDY. There is no law now preventing you from going to Cristobal, but you are afraid, from bills that have been introduced, that there might be?

Mr. ELLIS. That is it.

Mr. SWASEY. Suppose that American vessels were permitted to go through the Panama Canal without charge. You would get a little benefit in that way, would you not?

Mr. ELLIS. Well, we had not thought of that at all, sir. We had not even considered that.

Mr. CLARK. Would not this permit your vessels to go in and use the canal without the payment of toll?

Mr. ELLIS. It depends entirely on what regulation they will make for canal tolls and as to whether it will apply to strictly American-built ships or naturalized ships.

Mr. CLARK. Is not, really, the purpose of the bill to avoid that?

Mr. ELLIS. No, sir; we have not given any consideration to that whatever. The first I heard of it was this morning. Some one told me that that was the opinion of some of the members of the committee, but I will tell you frankly that we have not even considered it. That is not our purpose.

Mr. HARDY. Do I understand that your vessels are to go through the canal, or simply to those ports?

Mr. ELLIS. To those ports, simply.

Mr. ALEXANDER. On the Atlantic side.

Mr. ELLIS. Yes.

Mr. HARDY. The intention is not to have these vessels use the canal, but only to go to the ports?

Mr. ELLIS. The intention is only to go to the ports, as far as our present intention is concerned. We had never considered going through the canal at all, and did not consider that in the framing up of this bill, or in thinking of this bill.

Mr. HUMPHREY. All your business is on the Atlantic side?

Mr. ELLIS. All our business is on the Atlantic side, and this is following up a general plan that we have had under contemplation for a year or more.

Mr. SWASEY. Would you object to a limitation being put in this bill, to the effect that in case at any time the Canal Zone should be embraced in the coastwise trade and service, you would not claim the right?

Mr. ELLIS. Claim the right to do what, sir?

Mr. SWASEY. To engage in trade with these various ports that you have named, in the Canal Zone.

Mr. ELLIS. Yes, sir; we would very seriously object. Most of these vessels were built especially for the trade between this country and Central America and Panama.

Mr. HUMPHREY. It would be asking you to agree to give away something that you already have.

Mr. ELLIS. Yes, sir; we already have it, without coming before you gentlemen.

Mr. SWASEY. If we extend the coastwise trade they are excluded.

Mr. HUMPHREY. If you extend the coastwise trade it would depend on the conditions that we should provide to be in it.

Mr. CLARK. Would you object to a provision that this admission to registry should not exempt you or your vessels from the payment of any tolls that might be exacted hereafter from foreign vessels?

Mr. HARDY. On the Panama Canal?

Mr. CLARK. Yes.

Mr. ELLIS. I do not feel that I should answer that for my company. Personally I would be glad to consent to that, because we have not introduced the bill with that in view. In fact, we do not know what

its provisions will be. I presume the committee regulating that bill will provide for that.

Mr. HARDY. I do not think this bill would cut off the right of Congress to impose any such tolls as they might want to impose on vessels.

Mr. HUMPHREY. The question of the tolls would depend, it seems to me, on whatever we provided in the bill, if we passed one.

Mr. HARDY. Yes; this would not affect it.

Mr. CLARK. It would affect it in this way: Suppose you provide a toll for foreign vessels. If we admit these vessels to American registry, they are American vessels to all intents and purposes and entitled to all the benefits of American vessels.

Mr. HARDY. American vessels are provided for by law, are they not?

Mr. CLARK. Surely; but we do not propose to put them on the same plane as foreign vessels.

Mr. ELLIS. You can overcome that objection by saying "American-built vessels." These are foreign-built vessels.

The CHAIRMAN. What is that? Speak a little louder.

Mr. ELLIS. I tell him that he can overcome his objection by framing a bill on the basis of American-built vessels. That would disqualify our ships.

Mr. HARDY. It would make your ships subject to the toll. You would have the right under this bill to go through that canal, engaged in foreign trade, to the coast on the other side, as I understand it, if you wanted to.

Mr. WALTER S. PENFIELD. May I ask a question?

The CHAIRMAN. Yes, sir; certainly.

Mr. PENFIELD. Do you own any fruit lands in Panama and Colombia? Do you own any banana property?

Mr. ELLIS. Yes, sir; we have very large investments.

Mr. PENFIELD. As I understand, your idea in putting this provision in the bill is that, having put a lot of American capital in those ships and having developed a large amount of business, you want to be in a position to have the right to carry that business on in case Congress hereafter should pass a law applying the coastwise law to Panama. Is that your idea?

Mr. ELLIS. That is it exactly.

Mr. PENFIELD. In other words, you are putting in a lot of American capital down there and building up a big business that you desire to protect?

Mr. ELLIS. I presume we have expended in the Republic of Panama about \$6,000,000.

Mr. PENFIELD. And you do not want other people—

Mr. ELLIS. We certainly want to be able to use our tonnage to carry our commerce to those countries for our commissaries and our farms and every interest that we have down there, and if we are excluded from any particular port it would naturally cripple our business very seriously and cripple American commerce.

Mr. HARDY. There is a little question of logic that I want to ask you about.

Mr. ELLIS. Yes, sir.

Mr. HARDY. It seems to me to have been contended universally here that even if you give a foreign-built vessel an American registry you

can not run it in competition with foreign ships. How is it that your trade seems to be an exception to that?

Mr. ELLIS. That is true in some cases, but not in our particular case, for this reason: Our ships trade between United States ports and near-by countries and engage all of their crews in this country. If they ran to Europe, like a great many foreign ships do, and got their crews in Europe and signed their men on the articles over there, under the British trade scale or the German trade scale or the French trade scale, then there would be a great difference; but there is not so much difference in vessels which are engaged in trade from this country to near-by ports where they engage their crews in this country.

Mr. HARDY. You see no reason why your crew or any other crew running from South American or Central American ports to our ports can not compete with foreign-built vessels, except on the basis that the foreign-built vessels are gotten cheaper?

Mr. ELLIS. How is that, again?

Mr. HARDY. You see no reason why the American flag can not compete with the foreign flag between these South American ports or North American ports with our ports, except that the American vessel costs more?

Mr. ELLIS. Except that the American vessel costs more to construct.

Mr. HARDY. In the beginning?

Mr. ELLIS. Yes.

Mr. HARDY. That is the only difficulty in the way of competition?

Mr. ELLIS. That is the greatest difficulty.

Mr. HARDY. And that is what you want to obviate by this bill?

Mr. ELLIS. That is what we want to obviate by this bill.

Mr. HARDY. Do you see any reason why the owner of any other such vessel is not in the same shape you are?

Mr. ELLIS. I do not see any reason, except in the case of the tramp vessel. They can be operated much more cheaply—but not in the case of passenger vessels.

Mr. HARDY. Are your vessels liable to have any understanding with the interior railways that would give you a benefit over the tramp vessels?

Mr. ELLIS. No, sir. The rates are all made by the railroads to the seaport, and we make our own rates from the seaport on.

Mr. HARDY. There is no combination between your company and any of the railroads?

Mr. ELLIS. Absolutely none.

Mr. HARDY. Are the stockholders or the owners of your company largely interested in any of these railroads?

Mr. ELLIS. I do not know that they have any interest in them.

Mr. HARDY. Is this a separate proposition on your part?

Mr. ELLIS. It is a separate proposition, entirely.

Mr. HARDY. You would have no special arrangements with the railroads?

Mr. ELLIS. No, sir.

Mr. HARDY. It is claimed that some of these foreign shipowners have an arrangement with our railroads by which they can send their goods to interior points cheaper than the local rates, and that by combining the railway influence with the shipping influence they can even kill our home products in the market. You have no such arrangement?

Mr. ELLIS. We have no connection with the railroads. We handle our business entirely separate from them.

Mr. HARDY. And your proposition is absolutely to run an independent competition on the seas between the ports of this country and the ports of South and Central America?

Mr. ELLIS. That is correct.

Mr. HARDY. And all in the world that you want this for is to get the benefit of cheap vessels?

Mr. ELLIS. Not to get the benefit of cheap vessels, but to put the ships under the American flag, for reciprocal protection of our interests.

Mr. HARDY. I understand that you want the glory of the American flag; but if it was not for the difference in the cost you would have your ships built here?

Mr. ELLIS. Exactly. If it was not for the difference in the cost we would have every one of the ships built here.

Mr. HARDY. So that what you avoid by this bill is the extra cost of constructing in America.

Mr. ELLIS. The extra cost of constructing in this country.

Mr. ALEXANDER. With the permission of the Chair, I would like to ask you a few questions. When did you first conclude that you would like to bring your vessels under the American flag?

Mr. ELLIS. We have had it under contemplation, sir, I suppose, about two years. That is right, is it not, Mr. Humphrey?

Mr. HUMPHREY. It has been about two years since I first received a letter from you stating that you would do it if you had the privilege.

Mr. ALEXANDER. Is it true that about two years ago you published an article in one or more of the New Orleans papers stating that you would never apply for permission to bring your vessels under the American flag, and giving the reasons?

Mr. ELLIS. I do not remember any such publication, sir.

Mr. ALEXANDER. What is that?

Mr. ELLIS. I do not remember any such publication.

Mr. ALEXANDER. My attention was called to something of the kind. I have no knowledge of it personally. But did you publish a letter or an article in the New Orleans papers stating that you never would bring your vessels under the American flag, and assigning reasons for it?

Mr. ELLIS. Not that I remember. If that was done, I have no recollection of it.

Mr. HARDY. Have you a memorandum of it there?

Mr. ALEXANDER. No; I do not know anything about it.

Mr. ELLIS. I do not know anything about it at all.

Mr. ALEXANDER. The only reason you have now for bringing these vessels under the American flag is so that you may have the protection of the Government in your Central and South American trade in the event of complications there, is it not?

Mr. ELLIS. Yes, sir.

Mr. ALEXANDER. It is for political reasons?

Mr. ELLIS. Political reasons.

Mr. ALEXANDER. On account of your large investments there; so that in the event of a revolution or trouble, you could call on the Government of the United States for protection?

Mr. ELLIS. Yes.

Mr. ALEXANDER. In return for this you say that in the event of war the Government may have the privilege of taking your vessels by appraisement for any use to which the Government might be able to put them. These are refrigerator ships, are they not?

Mr. ELLIS. Yes, sir.

Mr. ALEXANDER. Are any of them built with any reference to their use, for instance, as colliers? They would have to be completely rebuilt to make them useful as colliers, would they not?

Mr. ELLIS. No, sir; they would not. They would make very good colliers as they are.

Mr. ALEXANDER. How are they constructed? You say they are refrigerator ships. What is their coal-carrying capacity now?

Mr. ELLIS. I suppose they could carry about five to six thousand tons on the large ships. It depends on their dead weight capacity.

Mr. ALEXANDER. What part of their cargo-carrying space is not devoted to coal bunkers?

Mr. ELLIS. Their bunkers carry only sufficient to take them for the round trip from New Orleans to Central America and back—about 800 tons.

Mr. ALEXANDER. How are these refrigerators constructed?

Mr. ELLIS. They are refrigerated ships. That simply means that the sides of the vessel are insulated with cow hair, and they have air ducts running through them. The refrigerating machinery is all in the engine room, and you do not see that at all. By means of cooling off the outside air and blowing it through these ducts by means of fans, you reduce the temperature in the holds where the cargo is. In taking out cargo we do not, of course, use the refrigerator plant. We only use it on the northbound voyage with a perishable cargo. We take out a cargo of packing-house products or flour and all classes of goods of that character to South and Central America from the flour mills throughout the West and Northwest and the packinghouses at Chicago and Kansas City.

Mr. ALEXANDER. To adapt them for use as transports would involve a double expense, would it not, in remodeling or overhauling?

Mr. ELLIS. No, sir; it would not. It would simply mean the putting up of bunks in the holds of the vessels in addition to their passenger-carrying capacity. That would not involve very much outlay.

Mr. ALEXANDER. I believe the highest speed is $12\frac{1}{2}$ knots?

Mr. ELLIS. Twelve and one-half knots; yes, sir. They will make 13 knots; but we preferred to be conservative, and we made it $12\frac{1}{2}$. Some of the vessels made as high as 14 knots on the trial trip.

Mr. ALEXANDER. You speak of your crews. Of what nationality are these crews?

Mr. ELLIS. Now?

Mr. ALEXANDER. Yes.

Mr. ELLIS. They are of all nationalities now. Of course our officers are British subjects. They have a British license.

Mr. ALEXANDER. Will you give the committee some idea of the personnel of the crews? Of what nationalities are they?

Mr. ELLIS. The deck men are of all nationalities. They are principally American, though, engaged in the port of New Orleans. In the engine-room of course all the officers are British subjects. We

have some Chinese firemen. We are compelled to have them because we can not get any firemen in New Orleans to man the vessels.

Mr. ALEXANDER. You have Chinamen. Have you any Japanese?

Mr. ELLIS. No, sir; we have no Japanese. We have a few Chinamen in each ship—in the fireroom.

Mr. ALEXANDER. Have you any Portuguese?

Mr. ELLIS. No, sir.

Mr. ALEXANDER. Or any Spaniards?

Mr. ELLIS. No, sir. They are principally Irish and American. We have a few Scandinavians and a good many southern negroes in the passenger department, whom we use as waiters. They make very excellent waiters.

Mr. ALEXANDER. What percentage of your crews is composed of American citizens?

Mr. ELLIS. I have not the slightest idea.

Mr. HARDY. How does it compare with the ordinary coastwise vessel?

Mr. ELLIS. About the same, except in the fireroom, of course.

Mr. ALEXANDER. You say these crews can be shipped at less cost than the crews between New York and Liverpool or European points? Why is it?

Mr. ELLIS. No, sir. These crews are shipped at greater cost than crews between New York and Liverpool.

Mr. ALEXANDER. Why is that? Is the southern negro or Chinaman—

Mr. ELLIS. Most of the foreign ships which trade between New York and Liverpool get their crews on the other side. They do not ship their crews in this country at all, except as may be necessary to complete their crews when they sail.

Mr. ALEXANDER. That is true with reference to our American ships as well as foreign ships, is it not? We have a few ships in the foreign trade from New York, St. Paul, and St. Louis.

Mr. ELLIS. I am not thoroughly posted on that; but I am informed that American ships which run from New York to Europe only get their officers in this country, and get the balance of the crew on the other side.

Mr. ALEXANDER. And for that reason they can ship their crews more cheaply than you can?

Mr. ELLIS. Yes, sir.

Mr. ALEXANDER. If American citizens had the same right that you want us to extend to you, to buy ships in foreign countries, and if, although their officers must be American citizens, they were privileged to employ their crews as other ships do now, they could operate them just as you expect to, could they not?

Mr. ELLIS. They could to Central American countries. I doubt if they could to Europe.

Mr. ALEXANDER. Why not? You say they get their crews at less cost.

Mr. ELLIS. No; I think you misunderstood me, sir. They get their crews at less cost on the other side; yes. There is no reason why they should not do that if they got their crews on the other side.

Mr. ALEXANDER. You say that except for the licensed officers they do get their crews on the other side?

Mr. ELLIS. That is my information. I will not be positive about that.

Mr. HUMPHREY. That does not apply to vessels running under the provisions of the act of 1891?

Mr. ELLIS. No, sir.

Mr. ALEXANDER. The testimony before this committee is that there is not a particle of difference, and that those ships that are now receiving subsidies from the United States are shipping their crews just as the foreign ships are, and that no respect whatever is paid to the requirements of the act of March 3, 1891, in that regard.

Mr. ELLIS. I think you are mistaken about that.

Mr. ALEXANDER. I am talking about the testimony that has been given before this committee heretofore.

Mr. CLARK. I judge from what you say that your main reason is the protection that will be afforded you in case of trouble in these countries.

Mr. ALEXANDER. Yes, sir; that is the main reason.

Mr. CLARK. These ships at this time are under the British flag, are they not?

Mr. ELLIS. They are.

Mr. CLARK. Would you not get that protection from Great Britain if there was trouble there?

Mr. ELLIS. I presume we would, but we would rather have it from the American Government, when we have American money invested in those countries.

Mr. CLARK. I want to ask you just one question: What peculiar reason have you to offer the committee why an exception should be made in the case of your vessels? You understand the law here admitting ships to registry. Why not admit all of them? Why single out your ships and admit them? Have you any special reason why that should be done?

Mr. ELLIS. No; not at all. We should be very glad to see a general law passed along the same lines.

Mr. CLARK. In other words, you would be in favor of a free ship bill?

Mr. PENFIELD. Will you allow me to answer that?

The CHAIRMAN. Certainly.

Mr. PENFIELD. I have had occasion to go into that question of protection. I know of one case in which the British Government would not protect a British registered ship, all the stock of which is owned by an American company. Likewise, our Government has gone in and protected the American stockholders in foreign countries. There is the Delagoa Bay case, down in South Africa. In that case the British and American Governments joined in intervening in the interest of the bondholders. Then there is the case of the Salvador Commercial Co., of California. In that case our Government has intervened to protect American capital.

Mr. CLARK. Do you mean to say that the British Government, although they put the British flag on the ship and take it under the protection of their law, would not protect it in case of trouble because the stock was owned by people of another country?

Mr. PENFIELD. I have a case in my office now where the British Government refused. A ship carrying the British flag was seized for carrying contraband. It was registered in Canada. The British

Government refused to take a step to protect it. Our Government is now protecting the corporation which owns all of the stock of that ship.

Mr. CLARK. That being so, if American protection is worth so much more than British protection, do you not think you ought to pay a little something for it?

Mr. PENFIELD. That is what they are agreeing to do. They want to do it. By having American registry they pay dues.

Mr. ELLIS. We shall pay more for operating the ships. It is not going to be the same, gentlemen. We are going to pay a little premium to operate them.

Mr. HUMPHREY. And you will have to put on American officers.

Mr. ELLIS. We will have to put on American officers.

Mr. CLARK. You have them now, have you not?

Mr. ELLIS. No, sir; we have British officers.

Mr. HARDY. What would be the premium that you would pay, besides changing the officers from British to American?

Mr. ELLIS. I am not prepared to say, but just as an illustration I will say this: Our captains now get \$175 a month. The American captains would get \$200 a month on the large ships. That is just an illustration of what it would cost.

Mr. HARDY. Is there anything to prevent the British captains from becoming Americanized and taking out letters and accepting the same positions under the same salaries?

Mr. ELLIS. If they are naturalized American citizens, they can; if they are not, they can not. Under the general law, even though they have declared their intention of becoming American citizens they can not accept positions of this kind until they are naturalized American citizens.

Mr. HARDY. Is there anything to prevent your getting men at the same prices the British vessels can get them at here in this country?

Mr. ELLIS. There is nothing to prevent it; but it is not customary.

Mr. HARDY. By what line of demarkation does an American vessel go into an American port and pay a bigger wage than some other vessel?

Mr. ELLIS. What is that?

Mr. HARDY. By what line of demarkation can an American vessel, even in America, pay a bigger wage than some other vessel seeking the same thing?

Mr. ELLIS. I do not quite catch your meaning.

Mr. HARDY. Here are two vessels, one English and the other American. They are hunting hands in the port of New Orleans. What is going to prevent the American vessel from getting its hands just as cheaply as the British vessel?

Mr. ELLIS. Because the American ship has not the supply to draw from.

Mr. HARDY. I mean in New Orleans.

Mr. ELLIS. In New Orleans or New York it is very difficult to get American ship officers and American ship engineers. It is a very difficult matter. Our people have not taken to seafaring. But you can get plenty of British officers.

Mr. HARDY. I am talking about the crew—the ordinary labor.

Mr. ELLIS. To be very frank with you, the trouble is with the labor unions. [Laughter.]

Mr. HARDY. In other words, the Britisher can get somebody who is not in the labor union?

Mr. ELLIS. Sir?

Mr. HARDY. The Britisher can get somebody who is not in the labor union, and you have to fight the labor unions?

Mr. ELLIS. The labor unions do not seem to have control over the British crews—and not only the British, but any foreign crew—that they have over the American crew.

Mr. HARDY. Then it all comes down to about this: That if you are the owner of an American vessel you have to fight the labor unions, and if you are the owner of a British vessel the labor unions can not fight you.

Mr. ELLIS. That is about it. They fight you as far as they can.

Mr. HARDY. That brings up another feature of the law, and that is the labor unions.

Mr. ELLIS. I am putting myself in the hands of the labor unions.

Mr. CLARK. Speaking of the benefits that you would get by this American registry: On your ships coming into and going out of this country how often do you pay tonnage dues?

Mr. ELLIS. We pay tonnage dues five times a year.

Mr. CLARK. Under this bill you would only pay once?

Mr. ELLIS. No, sir; we pay the same—five times a year.

Mr. CLARK. You would not pay any pilotage?

Mr. ELLIS. Ships coming from foreign ports, whether American or foreign ships, pay the same tonnage dues, 2 cents a ton.

Mr. CLARK. How about pilotage fees?

Mr. ELLIS. We pay the same pilotage fees. Only coastwise vessels are allowed to avail themselves of the pilotage fees.

Mr. CLARK. There would be no difference at all in any of the fees or charges?

Mr. ELLIS. Absolutely none.

The CHAIRMAN. I would like to ask you this question: An 8-inch gun discharges a projectile weighing 300 pounds, with a powder charge of 135 pounds. Could your vessels be converted readily into auxiliary cruisers able to carry 8-inch guns, without their being rebuilt or being greatly reenforced? In other words, could they withstand the recoil?

Mr. ELLIS. I am unable to answer that. That will have to be answered by an engineer.

Mr. HUMPHREY. They have not speed enough to act as auxiliary cruisers, anyhow, have they?

Mr. ELLIS. I do not think they would have sufficient speed to act as auxiliary cruisers; but they would have sufficient speed to act as colliers and transports.

Mr. GOULDEN. Would they be good supply vessels?

Mr. ELLIS. Yes, sir.

The CHAIRMAN. Have they speed enough to be used as colliers in connection with our war vessels?

Mr. ELLIS. Yes, sir; they have a speed of 12½ knots. That is sufficient speed to enable them to be used as colliers. The colliers during the last cruise did not travel over 10 miles an hour.

Mr. HUMPHREY. As a matter of fact, as far as the speed is concerned, they are well suited for use as colliers.

Mr. ELLIS. In case our fleet were going to the West Indies, and they wanted refrigerated vegetables, and that kind of thing, our ships would be well adapted for that service. They would be very well adapted for that particular service.

Mr. GOULDEN. They would be very useful, indeed.

Mr. HARDY. If you had no interest in your investments in those South American countries which you wanted protection for in addition to your ships, would you still be willing to fly the American flag, if you could get your ships registered, they having been bought abroad? I want to see how you stand with respect to these other vessels that have not got plantations and things of that sort down there. If you had no property investment in those countries would you still be willing to fly the American flag, provided you could put these boats from abroad under the flag?

Mr. HUMPHREY. What is that? I did not hear it.

Mr. HARDY. I asked if Mr. Ellis would still be willing to put his ships under the American flag if he had no other interest but the ship; that is, if he had no properties down there which he wanted put under the protection of the American Government.

Mr. ELLIS. As I have never discussed that matter with my principal I would hardly feel authorized to say yes or no. I personally do not think we would have.

Mr. HUMPHREY. This is true. If you had no particular interest it would be of no particular advantage to you to have the American flag, and you would not be here asking for it, would you, if the British flag would protect you just as much?

Mr. ELLIS. No, sir.

Mr. HUMPHREY. You would not be here asking Congress to take up the matter, then?

Mr. ELLIS. No.

Mr. CLARK. And therefore, in order to get down to the bottom of it, your company is asking for this American registry in order that you may invoke the power of the United States Government to protect your company in some landed interests in Central and South America. That is the whole truth of it, is it not?

Mr. ELLIS. Yes, sir; that is the whole truth of it.

Mr. PENFIELD. Who owns this property in Central and South America? Is it not the United Fruit Co.?

Mr. ELLIS. Yes.

Mr. PENFIELD. Under the laws of what State is that company incorporated?

Mr. ELLIS. Under the laws of New Jersey.

Mr. PENFIELD. I may say to the committee that if the President of any of those countries down there should annul the concession of the United Fruit Co., or should commit a tort upon their properties, the United Fruit Co., as a citizen of a State of the United States, could come in and ask protection from the State Department of this Government and it would be granted. The owning of the ships is only incidental to the main ownership of the property.

Mr. CLARK. Then you do not need the American registry in order to protect the property of a United States citizen in Colombia?

Mr. PENFIELD. No. The two are connected together.

Mr. CLARK. But that is what Mr. Ellis is asking for.

Mr. ELLIS. It is in line with our plan to make everything as American as possible. We are an American corporation.

Mr. CLARK. Your stocks are listed in Boston?

Mr. ELLIS. Yes, sir.

Mr. CLARK. And they are sold to anybody?

Mr. ELLIS. Yes, sir.

Mr. HARDY. Does the land form part of the \$25,000,000 capital? Does that and your shipping together amount to \$25,000,000?

Mr. ELLIS. It amounts to more than that, because we have other interests in Costa Rica, in Guatemala, British Honduras, and Colombia.

Mr. CLARK. Are all those interests combined as the property of your corporation?

Mr. ELLIS. Yes, sir.

Mr. CLARK. The shipping and the lands and the interests you have mentioned?

Mr. ELLIS. Yes, sir.

The CHAIRMAN. Does anyone else desire to ask any questions?

Mr. EDWIN H. DUFF. I would like to ask a few questions.

The CHAIRMAN. Very well. Proceed.

Mr. DUFF. Would you be just as much interested in this bill if we were to strike out this proviso: "But shall not be excluded from that between this country and the ports of the Panama Canal Zone?" In other words, just let the bill read that your vessels are registered for foreign trade?

Mr. ELLIS. We would not be as well satisfied with it; not that we do not enjoy that privilege now, but it would simply mean that if some bill were introduced here placing the Canal Zone under the coastwise law we would have to come here and endeavor to defeat it.

Mr. DUFF. Our position is this: That it is better for the protection of American vessels out of the present coastwise trade to give you the privilege of coming here at that time, rather than to throw the burden on the American vessels to come here and try to seek to prevent you from being given that privilege. I think if you get the privilege of the foreign trade only you might let the Canal Zone trade rest for the present, and see what Congress does with it, and see whether it is eventually considered coastwise trade or not.

Mr. HUMPHREY. I think you are both fighting at shadows. None of us will live long enough to see the coastwise laws extended to the Canal Zone, though I would vote for it to-day. But I think you are both fighting at shadows.

Mr. DUFF. Mr. Clark asked a question with respect to pilotage and tonnage dues. If by act of Congress at any time the Canal Zone should be considered as coastwise trade, then you would avoid the payment of pilotage, and you would avoid the payment of tonnage dues—

Mr. ELLIS. No, sir.

Mr. DUFF. Except coming from one American port to another American port.

Mr. ELLIS. We would not come from a Canal Zone port. We would come from Colon. That is where we clear from. We do not clear from a Canal Zone port.

Mr. DUFF. The only fear we have is that the joker in this bill is that it is the Canal Zone trade you are seeking. We would like to have that cleared up.

Mr. ELLIS. The majority of our ships were built for trade with the Isthmus of Panama. That is our objective point. From there we deflect up into the other countries.

Mr. CLARK. If you have that right now, why incorporate it in this bill?

Mr. ELLIS. To safeguard us.

Mr. CLARK. Congress might change it afterwards. If Congress should pass some statute afterwards that was in conflict with it, it would work a repeal. You say you have the right now, and you are perfectly satisfied with what you have now. Why encumber the bill by a declaration of a right which you have already?

Mr. ELLIS. You may be entirely correct about it; but it is merely to safeguard our interests.

Mr. HUMPHREY. I think Mr. Clark is right about it. I do not think putting that in there adds anything to it. At the same time I can not see any objection to putting it in, because it does not seem to me possible for the United States to wait until after they have expended their money and procured ships and built up a trade, and then carry the coastwise trade there.

Mr. JAMES H. HAYDEN. Mr. Chairman, may I ask a few questions?

The CHAIRMAN. Certainly.

Mr. HAYDEN. Mr. Ellis, will you be good enough to answer this: Assuming that this present bill should become law, what would prevent you from doing this: Say a vessel of your company should clear from New York for the port of Panama, on the Pacific side of the canal. She would in the future use the canal with all the immunities that any American vessel would possess, because of the rights given her by this bill. She could proceed from Panama to a Mexican port on the Pacific or to a South American port on the Pacific. In doing so she would get the immunities of an American ship. That would follow, would it not?

Mr. ELLIS. How is that?

Mr. HAYDEN. That would follow?

Mr. ELLIS. Yes.

Mr. HAYDEN. In making her voyage a continuous voyage from New York to the Pacific ports of Mexico or South America she could use the canal and avail herself of the immunities of an American ship?

Mr. ELLIS. Provided the American ship was given immunities, she certainly could.

Mr. HAYDEN. Yes; assuming that that is to be done.

Mr. HUMPHREY. That is the trouble. You are all the time assuming something.

Mr. SWASEY. There is a bill pending.

Mr. HUMPHREY. But it could be taken from them.

Mr. HARDY. If you are given this privilege, are you sure you can protect yourselves under the American flag?

Mr. ELLIS. Yes.

Mr. HARDY. Against all competition?

Mr. ELLIS. We shall do it. We have made up our minds to that.

Mr. ALEXANDER. How many of these ships go to South American ports, and what ports are they?

Mr. ELLIS. Four of these ships go to South American ports.

Mr. ALEXANDER. What ships are they?

Mr. ELLIS. The *Almirante*, the *Santa Marta*, the *Metapan*, and the *Zacapa*.

Mr. ALEXANDER. And they go where?

Mr. ELLIS. They go to Santa Marta, in the Republic of Colombia. They go from New York to Kingston, Jamaica; from Kingston, Jamaica, they go to Colon, Panama; and from Colon, Panama, they go to Santa Marta, Colombia. We expect to have them stop in at Manzanilla and another port on the Atlantic coast of South America. I can not give you the name. It is near Manzanilla.

Mr. ALEXANDER. Do any of them go any farther south than that?

Mr. ELLIS. No, sir.

Mr. ALEXANDER. Do they go to Buenos Aires?

Mr. ELLIS. No; none of them go to Buenos Aires. We are thinking of going as far south as Cartagena, a little later.

Mr. HARDY. Would you under this bill be likely to put more vessels on the sea flying the American flag?

Mr. ALEXANDER. They could not.

Mr. ELLIS. We could not under this bill. It is limited to the 17 ships. If we were to build any more we would like permission to do so; but we do not contemplate building any more just now.

Mr. BARCHFELD. You have other vessels, however, besides these 17?

Mr. ELLIS. Oh, yes; we have a great many others. They are all foreign ships, engaged in that trade. They are not owned by the company. They are under charter.

Mr. BARCHFELD. These 17 you own outright?

Mr. ELLIS. Yes, sir.

Mr. BARCHFELD. You have no others that you own outright?

Mr. ELLIS. No, sir.

Mr. BARCHFELD. The others are under charter?

Mr. ELLIS. Yes, sir. They are under charter.

Mr. PENFIELD. I would like, with the permission of the committee, to say a word on this question of protection.

Mr. ALEXANDER. Let this witness get through, and then you can come on later.

Mr. HARDY. These are all the vessels that you have now, that you own, and they were all built somewhere else?

Mr. ELLIS. That are engaged in this trade?

Mr. HARDY. Yes.

Mr. ELLIS. Yes, sir.

Mr. CLARK. These are all you own?

Mr. ELLIS. We own some vessels that trade between Central America and Great Britain.

Mr. CLARK. Vessels that you own outright?

Mr. ELLIS. Yes, sir. They are under the British flag. They do not touch this country.

Mr. BARCHFELD. Where do you have your repair work done?

Mr. ELLIS. It is all done in this country.

Mr. BARCHFELD. You would have no objection to incorporating that in the bill—to have all your repair work done in this country—if

this concession or right is given you, to put your ships under the American flag? You would be compelled to, in fact?

Mr. ELLIS. That might work a disadvantage, because if you had a ship that had an accident south of Cuba, and you wanted to run into Habana to repair her, you would have to do it. It is our intention, I will tell you frankly, to have all our repair work done in this country.

Mr. HARDY. If they are under the American flag and they do not do their repair work here, whenever they come into port they have to pay a duty of 50 per cent on the repair work. That is the law now. If an American ship is repaired elsewhere, when it comes into port it has to pay that duty.

Mr. ELLIS. Oh, yes; if the repairs are extensive, but not in emergency cases such as I speak of.

Mr. SWASEY. These ships are not apt to be repaired very much. They are only two years old.

Mr. ELLIS. Yes; but the time will come within the next five years when they will have to undergo their survey. We do dock every one of them in this country now, and we have paid the United States Government over \$24,000 in New Orleans for docking our vessels during the past 12 months. That is at New Orleans alone. At New York we dock there in commercial docks, and at Boston we dock in commercial docks; but in New Orleans there are no commercial docks, and we use the dock of the naval station.

Mr. HARDY. Have you thought about the proposition that if your vessels fly the American flag repairs done in this country will have to be done with materials that pay duty, whereas if they fly a foreign flag all the material for repairs of your vessels will come into this country free of duty?

Mr. ELLIS. That is correct.

Mr. HARDY. Your repairs in this country will cost you more under the American flag?

Mr. ELLIS. Yes.

Mr. HARDY. Still you are willing to do that?

Mr. ELLIS. We appreciate all that.

There seems to be a general desire in this country to restore our American merchant marine. Now, here is a nucleus for starting in that direction. Here are 17 brand-new ships, with the exception of one that had a thorough overhauling in 1909, and she has just been overhauled. She sails from New York Thursday of this week.

Mr. CLARK. Why are you not asking for free ships for all?

Mr. ELLIS. I would be glad to have you amend the bill to that effect.

Mr. CLARK. Why do you not come in with that proposition?

Mr. HUMPHREY. As the man who introduced the bill, I can tell you.

Mr. ELLIS. Amend the bill now, by striking out the names of our vessels, and make it cover them all.

Mr. HUMPHREY. One reason is that these are all new, up-to-date vessels. If we make a general free-ship law, although I will vote for that, if you limit it to the foreign trade, yet there is a difference between having new vessels and letting in everything that may want to come.

Mr. GOULDEN. This is one of the best fleets on the Atlantic coast.

Mr. HUMPHREY. It is the best fleet in that portion of the country.

Mr. ALEXANDER. Suppose we pass a free ship bill, and make it apply to all ships built within the last five years, or hereafter.

Mr. CLARK. Do that.

Mr. ELLIS. I have no objection to that.

Mr. HUMPHREY. Suppose we pass this bill, and then if these vessels fly the flag and run successfully we will have an absolute demonstration that it can be done.

Mr. CLARK. It will take too long to demonstrate.

Mr. ALEXANDER. If it is a good thing it ought to be applied impartially to every American citizen, and not to one corporation.

Mr. CLARK. I am in favor of free ships, if you will limit it to those built within the last five years, and limit it to the foreign trade.

Mr. HUMPHREY. When you get a bill of that kind, I will be ready to consider it.

Mr. CLARK. We can draw it up in five minutes.

Mr. HARDY. I am very much inclined to favor this bill. I want to put a starting wedge in.

The CHAIRMAN. Is that all you desire to say, Mr. Ellis?

Mr. ELLIS. Yes, sir.

STATEMENT OF MR. WALTER S. PENFIELD.

Mr. PENFIELD. Mr. Chairman and gentlemen, I just want to say in regard to the question of this member of the committee (Mr. Clark) on the question of protection, that a company in the particular position of this company is, to my mind, not in an enviable position, for this reason: If a ship gets into trouble with a foreign country, and the shipowner comes to our Department of State and asks for protection, the first thing they say is: "Of what country are you a citizen?" You must be a citizen of the United States in order to get protection, because the United States Government only protects its own citizens when they are in trouble abroad.

Mr. CLARK. And it does not always do that.

Mr. PENFIELD. Here is a British corporation, a citizen of Great Britain. All the stock of it is owned by an American corporation. I know, as a matter of fact, from a case I have in my office now, where a ship was seized which was owned by a British corporation with American stockholders. The British Government refused to do a thing, saying: "This is a mere dummy, a mere shell; the American Government is the real government in interest."

In two very notable cases our Secretary of State has gone in and intervened in behalf of the stockholders and bondholders of a foreign corporation. There is the Delagoa Bay case, down in South Africa, where the British and American Governments joined in intervening for the bondholders. The other case was that of the Salvador Commercial Co., of San Francisco, Cal., which owns stock in the El Triunpho Co., a company organized under the laws of Salvador, having ships carrying mails and goods. That company was thrown into bankruptcy by the President of Salvador acting indirectly through other people, and American property was confiscated. There was a nice question raised. All the capital was American; the citizenship was Salvadorian. Did not the President of Salvador and the

courts of Salvador have a right to treat their citizens as they saw fit? The Government of the United States came in and intervened and said that the President and sovereign of a foreign country could not treat his subjects as he saw fit. And there is a question that is always raised in this class of cases, these peculiar cases, where they are registered under a foreign government, the stock being owned by citizens of another government. When a ship gets into trouble, where do they go? They go to Great Britain. The British Government say: "Your citizenship is a shell, a dummy. Your true interest is American." They come to the American Government, and it says: "We only intervene for our citizens." This is a citizen of Great Britain. And there the American capital is left as a citizen without a country. The truth of the matter is—

Mr. CLARK. Let me ask you right there—

Mr. PENFIELD. Let me go one sentence further and then I will have finished. The truth of the matter is that this has been a mooted question, and the Department of State in recent years has been intervening in behalf of American interests, it does not matter whether it appears in the shape of stocks or bonds, or a corporate entity; but there are some Secretaries of State who refuse to go in and intervene where the registry is in a foreign country. So, if the United Fruit Co. are developing a business and a trade down in Central America, it is only right that they should get protection.

Mr. CLARK. We understand the proposition that it is the duty of any sovereign to intervene and protect that sovereign's subject. There is no dispute here about that; but you say that here is property under the English flag, the stock of the company being held by American citizens, and that the English Government will not protect them. They are in that condition, and the English Government will not protect them. Who put them there? Who put them in that condition?

Mr. PENFIELD. They voluntarily went into that position.

Mr. CLARK. Then they can not complain, can they?

Mr. PENFIELD. Well, of course, they can not complain; but if they can not get redress, there are other steps that they can take for that purpose.

Mr. GOULDEN. It is about time for the House to convene, and I move that we take a recess until 2 o'clock. Other gentlemen are here from a distance, and I think they ought to be heard—if that is agreeable to the rest of the members of the committee.

Mr. CLARK. Before you adjourn, I wanted to ask the committee to hear Mr. Raymond, of the Clyde Steamship Co., for a few moments.

The CHAIRMAN. If he comes this afternoon at 2 o'clock, he can be heard.

Mr. CLARK. What time will you have to leave, Mr. Raymond?

Mr. RAYMOND. At 4 o'clock.

Mr. CLARK. Then you can be here at 2 o'clock, can you?

Mr. RAYMOND. Yes.

(The committee thereupon took a recess until 2 o'clock p. m.)

AFTER RECESS.

At the expiration of the recess the committee resumed its session.

**STATEMENT OF MR. H. H. RAYMOND, PRESIDENT OF THE
AMERICAN STEAMSHIP ASSOCIATION.**

Mr. RAYMOND. I speak as president of the American Steamship Association and as vice president and general manager of the Clyde Steamship Co. and the Mallory Steamship Co.

Really, Mr. Chairman, I did not come to speak in opposition to this bill, except to answer questions. We are opposed to it.

Mr. GOULDEN. Why are you opposed to it? Tell us why you are opposed to it. You said you wanted to have a question asked, and I thought I would ask you one.

Mr. RAYMOND. We are opposed to the bill as drawn, Mr. Chairman and gentlemen. My companies are shipping firms that have been in the business from 1861 on. We have many millions of dollars invested, and we feel that there is due to us a certain amount of protection that has always been afforded us. I come here against the United Fruit Co. reluctantly, because they have a lot of fine ships; they are nice people, and if they want to go in to operate foreign vessels to foreign ports, we are with them, because we would like to buy some ourselves. But we do feel that this clause or sentence down here at the bottom is a little indefinite, and we do not want to take chances on what it means. [Reading:]

Said steamships shall not engage in the coastwise trade of the United States, but shall not be excluded from that between this country and ports of the Panama Canal Zone.

Of course, it is a matter of assumption as to what is going to be done by Congress in the future; but it is generally conceded among those who are not "on the inside" there there are going to be some privileges given to American-built ships. We feel that having been here for the number of years that we have and having the ships that we have, not only we, but all our people who are similarly situated are entitled to the privileges that we might get under that law. If we knew that there would be a bill passed by which we might get free tolls or any other concessions for going through with foreign-built vessels, Mr. Ellis has given a good reason why we should go across the ocean to build them.

I took Mr. Ellis's figures down mentally, and I find that they show from 40 to 50 per cent difference in cost. He said the cost of operation was practically the same. He overlooked the fact that you have interest on capital, depreciation, and insurance premiums on hull and machinery, all of which enter into the cost of operation. He overlooked the fact that we pay these American men anywhere from \$200 to \$300 a month in some trades, I believe ours go as high as \$300, which is \$3,600 a year for captains. The mates in American-built ships to-day get more than the masters of some English ships of the same tonnage. The second mates of American steamships to-day get more than the masters of English tramps. And we can not successfully withstand that sort of competition.

Mr. GOULDEN. Right there, if you will pardon me, let me ask this question: How do the wages paid to your officers compare with those paid by the United Fruit Co. to the Englishmen who occupy positions of the same grades?

Mr. RAYMOND. Accepting his statement as to the salary being \$175 a month, we are paying \$300 a month to the masters of ships of smaller tonnage running between New York and Jacksonville. We are paying them \$300 a month, while they are operating from New York to Colon for \$175 a month.

Mr. GOULDEN. Is that pretty generally the case, do you think, in all our coastwise vessels?

Mr. RAYMOND. No; it is not the case everywhere. In our own company we have 21 vessels in the Clyde service and 14 in the Mallory service. There are local conditions that enter into the wages of some services. That is the case with ships that are employed in the New York-Jacksonville service. Generally our masters get from \$200 to \$250 a month, according to the size of the ship.

There is such a sentiment in this country on this subject that I do not believe we would oppose it even if we believed against it, but we do not. Personally, I do not. I think we would like to get some vessels from our friends' shipyards, but we want them to build them in the way that they build them for the rest of us. But I do not believe we should permit 17 or 18 vessels that are new to come in here, with an indefinite sentence in the bill that is not explained. If they will eliminate that, there will be no opposition from the interests I represent.

Mr. GOULDEN. That is your only objection, then?

Mr. RAYMOND. Yes.

Mr. HUMPHREY. What is your objection?

Mr. CLARK. He objects to the provision with reference to the Panama Canal Zone.

Mr. HUMPHREY. But what is your objection to that?

Mr. RAYMOND. Because we do not know what it will lead up to, Mr. Humphrey.

You gentlemen know better than I do what the Panama Canal is going to cost. It is conservatively estimated, I believe, that it will cost between four and five hundred millions, perhaps more. Certainly that money is not going out of this country without there being some privileges or immunities, or something else that is going to be general, granted to American shipping going through that canal. It is done in the case of every other canal in the world—the Suez and others—and we expect that there will be something of the kind done here. When I say “we” I mean we as American shipowners; I do not refer to our own company.

Mr. HUMPHREY. There is nothing in this bill, is there, which gives these vessels any rights that they do not have now?

Mr. RAYMOND. I do not know as to that. If there is not anything in it that gives them more than they now have, what is the objection to its elimination?

Mr. HUMPHREY. What is the objection to leaving it in?

Mr. RAYMOND. Because it is too indefinite. As I view it, they will have the same privileges to go through the canal as an American vessel, at the same cost.

Mr. ALEXANDER. In other words, if we should extend the word "coastwise" to include the Panama Canal, and if this bill were enacted into law as written, they would come under its provisions without anything further on their part?

Mr. RAYMOND. That is the way we view it.

Mr. ALEXANDER. There is not any doubt about it, I think.

Mr. CLARK. No. They would thereby get the benefits that no other foreign-built ships do get.

Mr. RAYMOND. They would get a benefit that no other foreign-built ships could get. In the case of our own company, we have not any foreign-built ships. Our companies are allied with two others, one of which is represented here to-day, and it can speak for itself; and I do not think they have any. But the other company has a number of very fine English ships that were built on the other side, and they are new. There is no reason, as I view it, for permitting one company's vessels with the English flag on their sterns to come in and prohibiting others.

Mr. HUMPHREY. Do these vessels want to come in?

Mr. RAYMOND. I can not speak for them. We are only allied with them. But I should say that they might want to come in. I do not know.

Mr. HUMPHREY. They have not made that wish known.

Mr. RAYMOND. No; they have not. Therefore I say that I do not know.

Mr. CLARK. But at any rate, Mr. Raymond, they would not like to be discriminated against?

Mr. RAYMOND. No; they would not like to be discriminated against.

Mr. HUMPHREY. I might say that during the time the Merchant Marine Commission was going around over the country and holding meetings at different ports practically every shipping man in the country was asked whether or not he would put his foreign-built vessels under the American flag if he had an opportunity, and they all said "No." This is the first company that has ever said that it would, without making additional demands. Every other company, so far as I know, and every other shipowner that has come before Congress or talked about it has always wanted the repeal of some of the navigation laws or some other changes made. If your vessels are good vessels and you want to come in, why do you not ask for it, and we will give you the opportunity?

Mr. RAYMOND. I think the bill should be so drawn (if I may say so, Mr. Humphrey) that there should be no discrimination. It discriminates pretty harshly. That is just exactly what Congress put against the railroads and put against us. It is what we have been working against for years—discrimination.

Mr. CLARK. Mr. Raymond, I call your attention to this provision:

Provided, That the said steamships shall not engage in the coastwise trade of the United States, but shall not be excluded from that between this country and the ports of the Panama Canal Zone.

In your opinion, if that were enacted into law, and afterwards the Canal Zone were brought within the purview of the coastwise trade of the United States, that would permit these vessels to ply between this country and the ports of the Panama Canal, and would not permit any other foreign-built ships to do it, would it?

Mr. RAYMOND. That is as I understand it; as I interpret it.

Mr. ALEXANDER. It would give these foreign-built ships the same privileges that are now enjoyed by ships built in this country, which their owners say have been built at an expense of from 40 to 45 per cent more than the foreign-built ships?

Mr. RAYMOND. That is as I interpret it.

The CHAIRMAN. Does anybody desire to ask Mr. Raymond any other questions?

Mr. HARDY. You would be in favor of this bill, then, provided there were inserted an amendment that authorized any other foreign-built vessel, upon application, to receive the same license, as I understand it?

Mr. RAYMOND. No; that is not what I said.

Mr. HARDY. Then, what is the trouble? I thought it was the discrimination you were opposed to?

Mr. RAYMOND. It is the discrimination; but it is the discrimination against the American-built ship, in the first place, and then secondly against the foreign-built ships. As we interpret this clause, as we believe it will ultimately come up, the United Fruit Co. will be able to go through the canal with their foreign-built vessels—admittedly a fine, new fleet—built at a cost averaging (according to Mr. Ellis's figures, as given here this morning) nearly 50 per cent less than the cost of American-built ships.

Mr. HARDY. Do you think that figure is correct?

Mr. RAYMOND. I happen to know it is very nearly correct.

Mr. HARDY. Some one said the other day that there was less than 40 per cent difference. I think, myself, that Mr. Ellis is correct, however.

Mr. RAYMOND. Then, if the cost of construction is less, it necessarily follows that the cost of operation and maintenance, from the time they are built until they are worn out, is less.

Mr. HARDY. Is it not a fact that your real objection to this bill is because, with that amendment, it does not discriminate in favor of the American-built vessel?

Mr. RAYMOND. Absolutely not.

Mr. HARDY. With that amendment, there would be no discrimination at all, would there?

Mr. RAYMOND. Which amendment?

Mr. HARDY. The amendment I propose is, according to your suggestion, that it should provide that any other foreign-built vessel might receive the benefits of this act upon application.

Mr. RAYMOND. Oh, I do not want that; no. We want protection for the millions that we have put out in this country.

Mr. HUMPHREY. If you will tell me how placing these vessels under the American flag will in any way discriminate against you or place a dollar's additional burden on you, I will oppose this bill. But inasmuch as these vessels have every privilege now that they will get under the bill, and in view of the fact that if the bill passes they will be compelled to carry American officers (which you admit will cost them a little more money), and in view of the further fact that if we should need them they may be taken by the Government and used for war purposes, I can not see where the bill is going to hurt you any. Instead of increasing the competition, it decreases it.

Mr. RAYMOND. I think we may eliminate the last thing you mention. We are all glad to furnish vessels to the Government in time of war, because it pays well for them.

Mr. HUMPHREY. Yes; but that is the very thing we want to avoid here. We do not propose in this bill to let them place their own price on them. That is the result of our experience in the Spanish War. We had to buy foreign vessels during the Spanish War before we could get any at reasonable prices.

Mr. RAYMOND. They do not pay, perhaps, more than they should. I think they get their ships very reasonably.

Mr. HUMPHREY. Oh, no; in the Spanish war we did not get them reasonably. We paid twice or three times what they were worth.

Mr. RAYMOND. If they have everything they want now, Mr. Humphrey, why do they want that provision in there?

Mr. HUMPHREY. It was stated here that the reason they want it is because of the additional political prestige it will give them. But what I want to know of you is, why do you oppose it?

Mr. RAYMOND. Because I am afraid it will go farther than Colon and Cristobal; that it will bring them through the canal before you get through, with the same privileges that we have, or that we may wish to have. We are interested in ships that are running down to Colon.

Mr. HUMPHREY. Do you want to get them under the American flag?

Mr. RAYMOND. They are under the American flag.

The CHAIRMAN. They were built under it.

Mr. HUMPHREY. This bill does not increase the competition in any way.

Mr. RAYMOND. They were built in American shipyards; and we purpose sending those ships through the canal.

Mr. HUMPHREY. I hope you will, and I hope the Government will pay your expenses for going through.

Mr. RAYMOND. We feel that there is a certain amount of protection due us for building this property in this country, at this excessive cost of construction and excessive cost of maintenance and operation. We do not feel that the foreign-built boat should have the same privileges that we have. This is not because the vessels belong to the United Fruit Co.; I would sooner see them there than anybody else in the world that I know of; but I oppose any flag but the Stars and Stripes going through there with a concession.

Mr. HUMPHREY. Then, as I understand, your opposition to the bill is based on the fact that you are afraid that by reason of the passage of the bill they will get some advantage in the way of tolls or otherwise through the Panama Canal which should only be extended to American-built ships? Is that your position?

Mr. RAYMOND. Yes; that is it.

Mr. ELLIS. Mr. Chairman, if I may interrupt the gentleman, I want to state that if he is afraid of that he can confine this bill to the ports of Colon and Cristobal.

Mr. RAYMOND. I have not any authority to confine it to anything.

Mr. HARDY. Is not really the practical objection you have that those ships have cost you American ship prices, and you do not want to compete with ships that cost foreign prices?

Mr. RAYMOND. That is the basic principle.

Mr. HARDY. On the same principle, if by some means the cost of shipbuilding could be cut in two, so that hereafter it would not cost more

than half as much as it now does, would you be willing to tie up the shipbuilding industry because the vessels you already have cost you that much more?

Mr. RAYMOND. I should hardly want to answer that question, because I am arguing the ship business and not labor, and I do not think that will ever occur. If you can settle our labor troubles——

Mr. HARDY. Would you not like to see some method adopted by which we could get cheaper ships, or would you object to that?

Mr. RAYMOND. I should like to see cheaper ships, and I should like to see the yards make as much money as they can out of cheaper vessels.

Mr. HARDY. Suppose you were given the same privilege that these people have—to buy your ships anywhere—would you object to that?

Mr. RAYMOND. I think I should. They were talking of their capital here this morning. In our lines and those that are allied with them, under the same ownership, there is easily an investment of from \$35,000,000 to \$40,000,000 and a capitalization of about \$60,000,000.

Mr. HARDY. Is not your business the only one in the world that prefers to buy high-priced implements of trade rather than low-priced ones?

Mr. RAYMOND. That is not a fair question, because we do not do that. We are business men, and we like to buy just as cheaply as we can. I am not arguing for that theory.

Mr. HARDY. But you are unwilling to buy them abroad?

Mr. RAYMOND. We are willing to buy them there if you gentlemen think we should.

Mr. HARDY. That is what I ask you—if you are willing provided the same privilege is given you?

Mr. RAYMOND. But in justice to the capital that has been invested you should make some protection for the money that has been put out.

Mr. HARDY. That comes back to the other question. You would be opposed, then, to any scheme to reduce the price of ships now because you have already got yours?

Mr. RAYMOND. Absolutely not, if you will put those ships under the American flag and give them the protection that we have to-day.

Mr. HARDY. Why should you, as a shipper, be in favor of protection that makes it absolutely necessary for you to buy your ships in the restricted market of the American shipbuilder?

Mr. RAYMOND. Because other things are so protected—our costs for operation, supplies, and such things are so high with the American Nation—that we have to have similar protection on our coast. That is the best answer I can give.

Mr. HARDY. Mr. Ellis made the statement here (I suppose you were present) that so far as operation was concerned, your labor cost just the same whether you flew the American flag or some other, except that he thought an officer would be paid a little bit more.

Mr. RAYMOND. I think Mr. Ellis overlooked some things, though not intentionally. It does not take a mathematician to figure that you have a certain amount of capital invested; and by his own figures he said, if my memory is correct, that it was \$445,000 against \$730,000.

Mr. HARDY. You are right about that.

Mr. RAYMOND. What is going to take care of that?

Mr. HARDY. The initial investment is greater when you buy American-built ships.

Mr. RAYMOND. Then, if you are the owner of a ship, are you going to take the risk of the extra \$300,000 that you are paying here, or are you going to insure it?

Mr. HARDY. I was going to ask you that question. Is it not a physical impossibility for you to run a ship that costs 50 per cent more in competition with a ship that costs 50 per cent less?

Mr. RAYMOND. Absolutely; it is impracticable.

Mr. HARDY. Your insurance is what? About 7 per cent per annum?

Mr. RAYMOND. That depends on the vessel. No; it is anywhere from 2½ to 6 per cent.

Mr. HARDY. Not often higher than 6? It has been spoken of here as from 6 per cent and above that.

Mr. RAYMOND. We do not pay that. You can put it at from 3½ to 6 per cent.

Mr. HARDY. Then, if you are not running on a cash basis, you are paying interest on the additional investment?

Mr. RAYMOND. No; it all depends on the risk. A ship's insurance depends on the trade in which she may be engaged, the record of the line, its management, etc.

Mr. HARDY. That is what I am talking about. If you invest in a ship and do not pay all cash, you must borrow the money and pay interest on that; so it would make a very great difference whether you paid interest on a million dollars or on \$600,000?

Mr. RAYMOND. Whether you invest it or whether you borrow it, it ought to pay interest?

Mr. HARDY. Certainly. Then your higher-cost vessel has to pay interest on 50 per cent more?

Mr. RAYMOND. That is right.

Mr. HARDY. And insurance on 50 per cent more?

Mr. RAYMOND. That is right.

Mr. HARDY. And leaving out all other handicaps, you could not run in competition with the other vessel in those respects, could you?

Mr. RAYMOND. No; no.

Mr. HARDY. How much subsidy would it take annually to make up the difference as to those two items—your interest and your insurance?

Mr. SWASEY. Judge, what case are you trying?

Mr. RAYMOND. I am not going into that subject.

Mr. HUMPHREY. Mr. Raymond, I want to ask you one question. As I understood you, you would not have any objection to this bill if the words of the proviso after the words "United States" were stricken out—that is, if it just read: "*Provided*, That the said steamships shall not engage in the coastwise trade of the United States"? Then, if the rest of that paragraph were stricken out, I understand you would not have any objection?

Mr. RAYMOND. No; except that I would sooner see it general than for one line only. But we would not oppose it under any circumstances.

Mr. HUMPHREY. That is all.

Mr. HARDY. What are the words you speak of striking out, Mr. Humphrey?

Mr. HUMPHREY. I did not propose to strike them out; I just asked him whether he would have any objection to the bill if they were out.

Mr. SWASEY. He refers to all after the words "United States."

Mr. HUMPHREY. So as to make it provide simply that they shall not engage in the coastwise trade of the United States.

**STATEMENT OF MR. FRANKLIN D. MOONEY, VICE PRESIDENT
AND GENERAL MANAGER OF THE NEW YORK AND PORTO
RICO STEAMSHIP CO.**

Mr. MOONEY. Mr. Chairman and gentlemen, I do not wish to appear as opposing the bill of the United Fruit Co. But representing American ships engaged in the coastwise trade, I wish to appear as opposing any special legislation.

As I understand it, the words in the bill which provide that the ships shall not be excluded from the trade between this country and the ports of the Panama Canal Zone would have this effect: If we may assume that American ships are to have a differential tonnage duty, the ships registered under the American flag, in this case, with an initial lower cost, would have a benefit which the American-built ships would not have.

Personally, speaking for our company (the Porto Rico Line), I will say that as a result of the recent action of this committee, which went on record as opposing the flagging of foreign-built ships, our company is now building in the yards——

Mr. HUMPHREY. You want to add one more clause to that. We did not go on record in that way. You should add "foreign ships in the coastwise trade."

Mr. MOONEY. I shall be very glad to correct my statement by saying "in the coastwise trade." I am not opposing the flagging of American ships engaged exclusively in the foreign trade.

Mr. CLARK. Excuse me a minute. Mr. Humphrey, did we not refuse registry to one or two ships last year?

Mr. HUMPHREY. In the coastwise trade?

Mr. CLARK. No; for foreign trade.

Mr. SWASEY. Absolutely.

Mr. CLARK. I think we did.

Mr. SWASEY. Absolutely.

Mr. HUMPHREY. Yes; and I always have. I am one member of the committee that never voted for one.

Mr. SWASEY. That was the resolution that was presented here—that no foreign-built ship should be admitted to American registry by vote of this committee.

Mr. CLARK. That is what we did. I think you are right.

Mr. MOONEY. That is my understanding, Mr. Humphrey.

As a result of that action, our company is now spending approximately a million dollars in the yard of the Newport News Shipbuilding & Dry Dock Co. Those vessels are being built with the idea of engaging in the coastwise trade of the United States. It is not unlikely that if the opportunity offered they would be employed in passing through or to ports on the Canal Zone. We would be placed at a disadvantage if we then had to compete with foreign ships

registered under the American flag at a cost (as I think Mr. Ellis stated this morning) of, roughly, 50 per cent less.

With the exception of the words "but shall not be excluded from that between this country and the ports of the Panama Canal Zone," I think the bill is fair from our standpoint.

Mr. BARCHFELD. How many vessels have you in your line?

Mr. MOONEY. With the three that are now building, we have 14.

Mr. GOULDEN. What is the largest one you have?

Mr. MOONEY. The largest one in registered tonnage is close to 7,000 tons.

Mr. ALEXANDER. What is the speed of that ship?

Mr. MONEY. Fifteen knots.

Mr. HUMPHREY. Would you have any objection to this bill if the words I mentioned awhile ago—those that refer to the Panama Canal Zone—were stricken out?

Mr. MOONEY. I should have no objection, Mr. Humphrey. I should simply like to see a general bill passed, rather than one that would include seventeen or any number of particular ships.

Mr. HUMPHREY. Then, in other words, you object to a few coming in, but you would not object to all of them coming in?

Mr. MOONEY. No; I should not.

Mr. HUMPHREY. What is your objection on that score, inasmuch as you are not interested in the foreign trade, and are running vessels that are absolutely protected from foreign competition? What difference does it make to you whether few or many vessels come into the foreign trade?

Mr. MOONEY. I might say that I am interested in vessels running in the foreign trade. I am associated with Mr. Raymond, and, while I represent the Porto Rico Line, and he has spoken for the other lines, I am interested in the Clyde Line, and indirectly in the New York and Cuba Mail Line; and they have foreign ships to-day.

Mr. HUMPHREY. Do any of them want to come in under the American flag?

Mr. MOONEY. I am not authorized to speak for the New York & Cuba Mail Steamship Co.

Mr. HUMPHREY. Mr. Chairman, a question has come up here about what we did. I think it might be well to read the minutes, as both Mr. Clark and Mr. Swasey mentioned it.

Mr. CLARK. Can you turn to it?

Mr. HUMPHREY. I have it right here now. In executive session it was voted to lay on the table bills H. R. 18566 and H. R. 5288. I do not know what they were.

Mr. SWIFT (clerk of committee). In those bills the *Eva* and the *Andromeda* applied for American registry.

Mr. HUMPHREY. Upon motion of Mr. Douglas, seconded by Mr. Alexander, the following resolution was adopted:

Resolved, That it shall be the policy of this committee to decline to consider favorably any bill for conferring American registry upon foreign-built ships wrecked on our coast or elsewhere.

That resolution related to wrecks; and they always wanted to engage in the coastwise trade. On the other hand, this committee, by unanimous vote, did grant American registry to a foreign-built

ship for the foreign trade, and it passed the House by unanimous vote, and passed the Senate by unanimous vote.

The CHAIRMAN. Since this action?

Mr. HUMPHREY. No; not since this, but before.

Mr. SWASEY. It was a good while ago.

Mr. CLARK. I think we have admitted several of them.

Mr. ALEXANDER. Under the navigation laws as they exist to-day, as I understand, if a ship is admitted to registry under the American flag without any limitation in the law, it would be entitled to engage in the foreign and the coastwise trade?

Mr. HUMPHREY. Certainly it would.

Mr. ALEXANDER. Why, certainly.

Mr. HUMPHREY. But every member of the committee knows that all these foreign-built wrecks wanted to get in the coastwise trade, and they refused to take the flag exclusively for the foreign trade. That was offered to them time and time again. That was the trouble. The reason they wanted it was because it is of great value. It would increase the value of their ships, because they could get into the coastwise trade and take the place of some ship that cost twice as much.

Mr. SWASEY. I know; but is it not true that the *Andromeda* wanted to get into the foreign trade and not into the coastwise trade?

Mr. HUMPHREY. No. If it was, I did not understand it so.

Mr. SWASEY. That was my understanding of it.

Mr. CLARK. I do not remember as to that.

Mr. SWASEY. That is my recollection.

Mr. ALEXANDER. My understanding is that they wanted all the privileges of an American ship.

Mr. HUMPHREY. To be sure; they did not want to be limited. They just wanted American registry, with all of its privileges.

Mr. ALEXANDER. And there was no proposition made that I recall to simply give them the American registry and exclude them from the coastwise trade.

Mr. MOONEY. Is that all, Mr. Chairman?

The CHAIRMAN. Does anyone else wish to ask Mr. Mooney any questions?

Mr. ALEXANDER. I should like to ask the gentleman a question or two.

I believe you said you were interested in the Cuba Mail Line?

Mr. MOONEY. Indirectly; yes, sir.

Mr. ALEXANDER. That is a foreign line?

Mr. MOONEY. That is an American company, sir.

Mr. ALEXANDER. But it is under a foreign flag?

Mr. MOONEY. Under the American flag.

Mr. ALEXANDER. The Cuba Mail Line?

Mr. MOONEY. The New York and Cuba Mail; yes, sir.

Mr. ALEXANDER. They are engaged in foreign trade?

Mr. MOONEY. They are engaged in the trade between New York and Cuba and Mexican ports.

Mr. ALEXANDER. They do not go to any South American ports?

Mr. MOONEY. No.

Mr. HUMPHREY. What are they—American ships?

Mr. MOONEY. American ships; yes, sir.

Mr. HUMPHREY. You are getting a subsidy from the Government, too, are you not?

Mr. MOONEY. Some of those ships are; yes, sir—the mail ships.

Mr. HUMPHREY. All of them that are under the flag.

Mr. CLARK. Under the act of 1891?

Mr. MOONEY. They are running some freight ships under the American flag, which of course do not enjoy a subsidy.

Mr. HARDY. How many ships have you got running on those lines that do not have any subsidy?

Mr. MOONEY. Are you speaking of the Porto Rico Line?

Mr. HARDY. I mean American-built ships.

Mr. MOONEY. We have no subsidy on the Porto Rican Line.

Mr. CLARK. He is speaking of the Cuban line.

Mr. MOONEY. I prefer not to answer that. I am not authorized to answer for the New York and Cuba Mail. I can simply answer the question by saying that we have ships engaged in the foreign trade running under the American flag at present.

Mr. HUMPHREY. But you do not say that you have any ships running under the American flag in the foreign trade that are not receiving a subsidy, do you?

Mr. MOONEY. Yes, I do say that we have not.

Mr. HUMPHREY. I wish you would give me the name of such a vessel.

Mr. MOONEY. They are freight ships, as I have just said.

Mr. HUMPHREY. I want to know what ones they are.

Mr. MOONEY. I will give you the names of two of the ships—the *Vigilancia* and the *Matanzas*, and there are several others.

Mr. HUMPHREY. You are running them in connection with the lines that do receive a subsidy?

Mr. MOONEY. Yes; they are operated by that line.

Mr. DUFF. On an entirely different route.

Mr. HUMPHREY. Are they running on regular lines, or are they run only occasionally?

Mr. MOONEY. They are running on regular lines to various ports, as the cargo offers.

Mr. HUMPHREY. Do they run on a regular schedule?

Mr. MOONEY. No; they do not.

Mr. HARDY. Do they engage part of the time in coastwise traffic?

Mr. MOONEY. No. Just now they are engaged in the Cuban trade.

Mr. HARDY. But they can do so on occasion? You let them engage in the coastwise trade?

Mr. MOONEY. Under the American flag; yes, sir.

Mr. HARDY. Then they are not exclusively in the foreign trade?

Mr. MOONEY. They are not confined to the foreign trade. They may engage in the coastwise trade.

Mr. DUFF. But as a matter of fact, are they not running on a regular line?

Mr. MOONEY. Yes; they are.

Mr. DUFF. From New York to Nassau, and around to Santiago?

Mr. MOONEY. They are on their regular schedule to the points where the lines separate.

STATEMENT OF MR. J. W. POWELL, ASSISTANT TO THE PRESIDENT OF THE WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING CO., OF PHILADELPHIA, PA.

Mr. POWELL. Gentlemen, when I came down here to-day I did not know that this question was going to develop along these lines, and I do not feel that I am entirely ready to speak to the committee to-day. I am very sure there are large interests that ought to be represented here opposing this bill that are not here. As the situation has developed, this bill simply comes down to the question of whether foreign-built ships shall be admitted to American registry for use in the foreign trade only. As a shipbuilder, I am extremely opposed to that proposition, and I know that every other American shipyard will take the same attitude.

Mr. HUMPHREY. Are you speaking on that point from knowledge, or are you just giving an opinion about it? I ask because I think you are mistaken about it.

Mr. POWELL. I am giving my opinion.

Mr. ALEXANDER. I do not understand what interest you represent.

Mr. POWELL. The William Cramp & Sons shipyard.

Mr. ALEXANDER. Oh, yes.

Mr. POWELL. There are invested in the four large shipyards on the Atlantic coast in the neighborhood of sixty-odd millions of dollars. That capital has not paid a cent of dividend in the last eight years. Since the beginning of the investment in those yards I do not suppose the average return on the capital invested has been 2 per cent. I think it is considerably less than that. If we could be sure that a proposition for foreign-built ships to trade under the American flag in the foreign trade only would never go any farther our position might be different. But, gentlemen, in legislation there is no stopping. Things do not stand still. They go one way or the other. Either there is going to be legislation that will permit us to build up our foreign trade or else the foreign-built ship will be in the coasting trade, and this is only one step in that direction.

I think the question is altogether too big to be acted on without due consideration, and I should like to ask the committee to postpone further hearings on this matter for two weeks, in order to give us a chance to bring this question before the shipyards and before the different interests that ought to be down here to oppose it.

Mr. HUMPHREY. How long has it been since your company has built a foreign ship?

Mr. POWELL. The last ship we built for the foreign trade was for the New York and Cuba mail service. That ship left our yard in 1907.

Mr. HUMPHREY. How long has it been since there has been a ship built in the United States exclusively for the foreign trade?

Mr. POWELL. That ship was built exclusively for the foreign trade. She calls at no ports except Habana and New York.

Mr. HUMPHREY. Is that the last one?

Mr. POWELL. That is the last one. There were two of them built at the same time; that is, from our yard.

Mr. HUMPHREY. Do you know of a ship now being built in the United States exclusively for the foreign trade?

Mr. POWELL. Yes; I know of a ship that is now being built for trade between Cuba and Porto Rico.

Mr. HUMPHREY. Do you call that exclusively in the foreign trade?

Mr. POWELL. I certainly do not call it for trade to the United States. It is from an insular possession to a foreign country.

Mr. HUMPHREY. Is it flying the American flag?

The CHAIRMAN. Where is that being built?

Mr. POWELL. It is being built at the Fore River Shipbuilding Co. yard; I do not know exactly for whom. The capital came partly from England and partly from Habana.

Mr. HUMPHREY. What was the reason of that ship being built here? Are you building it as cheaply as they could build it abroad?

Mr. POWELL. I am not building it, sir; I do not know anything about its cost. I know the fact that it is being built, and that it is for that trade.

Mr. HARDY. Is it flying the American flag?

Mr. POWELL. I do not know whether it will fly the American flag or the Cuban flag.

Mr. RAYMOND. Is there any American capital there?

Mr. POWELL. I can not answer that, either. I think there is, though.

Mr. ELLIS. If this bill does not pass, is that going to help out your shipbuilding any?

Mr. POWELL. It will help us out to this extent—that it will show that Congress does not have in mind a free-ship bill, and it will make it that much easier to get some sort of subsidy legislation that will give the American shipbuilder a chance. So far as the American shipbuilders go, a free-trade proposition would not hurt them one particle; but if you are going to protect every other industry except the shipbuilding business, then the shipbuilding business can not do any of the foreign trade.

Mr. ELLIS. This bill will not help you in the matter of repairing and reclassing ships?

Mr. POWELL. I do not see that it will make any difference about repairing them.

Mr. ELLIS. And reclassing them?

Mr. POWELL. Certainly; reclassing them is not going to help us in any way.

Mr. HUMPHREY. Will the passage of this bill prevent your company from building a single ship, so far as you know?

Mr. POWELL. I can not say what the effect of the passage of this bill will be.

There is another question that has not been directly brought up here: Mr. Humphrey asked what would be the effect of striking out the clause that relates to the Panama Canal? If you strike out that clause and simply say that these ships shall carry the American flag, with the right to trade to foreign ports, nobody knows in what form Congress may finally act on the question of the canal dues and tolls, or whether the very fact that a ship flies the American flag will not let her go through the canal under any benefits that Congress may see fit to give to American-built ships.

Mr. HUMPHREY. Suppose it should—do you think it is not of any value to the United States to have some 17 vessels of this class under the American flag?

Mr. POWELL. I do not see, Mr. Humphrey, that the United States will benefit one iota by having those 17 ships fly the American flag.

Mr. HUMPHREY. Probably you can inform us, then, in case of war, if such a thing should happen, where we could get American ships?

Mr. POWELL. In the first place, those ships are very, very little suitable for use in time of war. I do not know these particular ships well enough to give as well-considered an opinion as I should like to give. But from what I know of the type of ship used in that trade, it is not a ship that is suitable for anything save very special work.

Mr. HUMPHREY. They are better than the ones that we used to carry our troops over to Cuba.

Mr. POWELL. Nothing could be worse than those, Mr. Humphrey. I saw that fleet down there, and it was a disgrace to the United States.

Mr. HUMPHREY. Of course it was; and it imperiled the life of every soldier that went on it.

Mr. POWELL. There is no question about that.

Mr. HUMPHREY. The War Department itself said that the only justification for the starting of that expedition was its safe arrival.

Mr. POWELL. I can entirely agree to that. But bringing these ships under the American flag is not going to make conditions any better.

Mr. CLARK. Did I understand you a while ago to say that if you were certain this legislation would stop with the foreign trade, there would not be any objection to it?

Mr. POWELL. I said that I did not know that I would make any objection to it then. That is another question.

Mr. CLARK. Your fear——

Mr. POWELL. My fear is that this is merely an entering wedge.

Mr. CLARK. And that it will be extended to the coastwise trade?

Mr. POWELL. And that it will be extended to the coastwise trade.

Mr. CLARK. As it stands now, the American shipyards have a monopoly of the coastwise shipbuilding, have they not?

Mr. POWELL. Yes.

Mr. CLARK. You do all of that, and you have not built a foreign ship since 1907?

Mr. POWELL. We finished the last ship in 1907.

Mr. CLARK. That is, 14 years ago?

Mr. POWELL. 1907? That is four years ago.

Mr. CLARK. Oh, yes; four years ago. If you do not build any for the foreign trade at all——

Mr. POWELL. We may have a proposition to-morrow to build some more ships.

Mr. CLARK. Just a moment. If you are not building any ships at all for the foreign trade, this legislation as to foreign ships can not affect you in any way, can it?

Mr. POWELL. Why, certainly, sir. It may affect us to-morrow. Suppose this bill goes through. Why should any company wanting to build a steamship to run between New York and Habana go to the expense of buying the ship in this country? They can go abroad and buy the ship for 40 per cent less.

Mr. CLARK. They do not buy it from you now, do they?

Mr. POWELL. They do buy them from us now. That is the very point. They bought two in 1906 and two in 1907; that is four ships.

Mr. HARDY. It has been practically four years since you had any?

Mr. POWELL. It takes a little while for their trade to grow up. Now, the time is just coming when we can look forward to two more, though perhaps not this year

Mr. ALEXANDER. Your notion is that if this bill passes some other enterprising company will——

Mr. POWELL. Will certainly take advantage of the same thing.

Mr. ALEXANDER (continuing). Will go abroad and buy ships and come in here with them, and if we are consistent we will pass them in?

Mr. POWELL. That is it, exactly.

Mr. HARDY. And as I understand it, after waiting four years, hope deferred has not made the heart sick?

Mr. POWELL. Not at all, sir.

Mr. HARDY. You still hope for some more?

Mr. POWELL. If a shipbuilder let the heart grow sick on such things as that, there would not be anybody in the business in this country.

Mr. HARDY. You would not make very much money on building a ship every four years, would you?

Mr. POWELL. We do not live on our shipbuilding business, sir. Fortunately, 50 per cent of our business is not shipbuilding. That is what we are living on to-day, waiting for the day when shipbuilding will give us a decent return upon the capital and brains invested in it.

Mr. HARDY. Do you mean to say that with an absolute monopoly there is no profit in shipbuilding for the coastwise trade?

Mr. POWELL. I mean to say that there are so many yards in the business that they do not make a profit on the ships that are built.

Mr. HARDY. Had you not better get out of the business and let the foreigner build them all, then?

Mr. POWELL. That is a question that our stock owners can answer better than I can, sir. I have just told you that there are over \$60,000,000 invested in those yards that have not had one cent of dividends since 1902 or 1903.

Mr. HARDY. Do not our coastwise and inland shipping amount to some ten times as much as our foreign trade shipping would anyhow?

Mr. POWELL. That is a figure that I can not give you off-hand, sir. So far as the inland shipbuilding goes, except that of rivers, and so forth, of course we do not come into that. Of course we can not do anything with the big end of the shipbuilding business on the Lakes. We are not in a position to compete with that.

Mr. HARDY. You have just the coastwise business?

Mr. POWELL. We have simply the coastwise and Sound business, and occasionally something else.

Mr. HARDY. Let me ask you a question: You were asked about taking troops over to Cuba. Were there no coastwise vessels that were fit to transport them?

Mr. POWELL. There were a few good ships in that fleet. There were the *Yale* and the *Harvard* (formerly the *Paris* and the *New York*), and the *St. Paul* and the *St. Louis*, from the International Mercantile Marine Co., and there were some very good ships from the Ward Line. Most of those ships were built in the Cramps' yard. Outside of that, the rest of the ships, as a rule, were not fit for the service. There were one or two that were better or worse than the average.

Mr. HARDY. Is it not just possible that the railroad combination between your coastwise ships and the railroads may keep you from having a valuable coastwise industry in building ships?

Mr. POWELL. I do not know anything about that, sir. That is something I have never had anything to do with.

Mr. HARDY. You are not in the shipping business?

Mr. POWELL. I am not in the shipping business.

Mr. HARDY. All that you know is that your business is dead?

Mr. POWELL. I do not say our business is dead, sir.

Mr. HARDY. Well, dead for four years at a time?

Mr. POWELL. Not at all, sir.

Mr. CLARK. It is languishing.

Mr. POWELL. I said that we had had no ships to build for the foreign trade for four years.

Mr. HARDY. It only languishes in periods of four years, or about that.

Mr. POWELL. Fortunately, there is other business.

Mr. HARDY. You now have hope of another one in about how long?

Mr. POWELL. We do not put any dates on our hopes, sir.

Mr. GOULDEN. How many vessels have you built for the coastwise trade in the last four years?

Mr. POWELL. For the coastwise trade, comparatively few. We have finished one boat for Mr. Raymond within that period; and we have done a considerable amount of small work, including one large side-wheel steamer for the Sound—the *Commonwealth*.

Mr. GOULDEN. You have done a considerable amount of repair work?

Mr. POWELL. Oh, yes; a large amount of repairs, and of course we have done a great deal of work for the Navy. That is, we have finished one battleship, one collier, and half a dozen destroyers, and we have another battleship well along toward completion.

Mr. ALEXANDER. You said there would not be any benefit that would accrue to us from admitting these vessels. Would not these vessels of 12½ knots speed be of any value to the Navy as colliers or troop ships or cruisers?

Mr. POWELL. If I could see the plans of those vessels I could answer you very much better. In the first place, right on the face of things, they are too slow for most purposes. In the next place, it is practically certain that ships built for that trade are unsuitable for a good many other purposes. I do not mean to say that there are not some specific uses to which they might be put to good advantage. But, generally speaking, they are not a type of ship that the Navy wants for an auxiliary in time of war.

Mr. HUMPHREY. What is the speed of the new collier that is being built?

Mr. POWELL. The new colliers? Fourteen knots—that is, 14 knots loaded with 12,500 tons of coal. As a matter of fact, the one collier that is running is a 15-knot boat.

Mr. ELLIS. They made 14 knots on their trial trip.

Mr. POWELL. Fourteen knots for 48 hours, loaded with 12,500 tons of coal.

Mr. ELLIS. Guaranteed?

Mr. POWELL. That is her guaranteed speed. The *Cyclops* can do 15, if they ever want her to go that fast.

Mr. HUMPHREY. I want to ask you another question about the ships that were built for the foreign trade, because that is an interesting question. Is not the reason those ships were built in this country because they wanted to run and carry the mail? And are they not being used for that purpose?

Mr. POWELL. They are running to Habana, and they are carrying some mail, although not very much. Most of the mail to Habana goes via Knights Key.

Mr. HUMPHREY. In other words, they had to be American-built ships in order to get the subsidy they are now receiving?

Mr. POWELL. Yes; but they already had ships on that line that were getting the subsidy, and that were running in that trade.

Mr. HUMPHREY. Of course; but in order to put another one on that line they had to get an American-built ship, or else go without Government assistance?

Mr. POWELL. Yes; certainly.

Mr. HUMPHREY. So really, as a matter of fact, when you come to look at it, there has been no ship built in this country for the foreign trade for over seven years except ships that wanted to run in a certain trade, and receive certain assistance from the Government that compelled their building in American yards?

Mr. POWELL. I have just mentioned the one that is being built to run between Habana and Porto Rico.

Mr. HUMPHREY. I am not familiar with that one. I do not know what the circumstances are there.

Mr. POWELL. That is one exception.

Mr. HUMPHREY. One exception; yes.

Mr. ELLIS. I think it is their intention to fly the Cuban flag.

Mr. POWELL. I should not be at all surprised if it is to be under the Cuban flag.

Mr. HUMPHREY. Do you know whether it will receive any assistance from Cuba?

Mr. POWELL. Oh, no; they are receiving no subsidy from Cuba.

Mr. HARDY. How did they come to build in this country, if it cost them so much more, and yet they are going to put it under the Cuban flag?

Mr. POWELL. My only information about that is hearsay; but I understood there were financial questions involved that made it a satisfactory proposition for them to build in this country. Certainly they did not build here because they could build here more cheaply, because any shipbuilder will admit to you that under the conditions that exist here we can not build that type of boat within 40 per cent of what you can buy abroad for.

Mr. CLARK. Why can you not do that?

Mr. POWELL. Because the wages in our yard are just exactly 50 per cent higher than the average wages in the yards doing the same kind of work in England. That means 25 per cent of the cost of the ship right there. Those figures I have verified personally, as I have had an opportunity to go through the books of a large British shipyard doing the same class of work that we are doing. On top of that our average material cost is perhaps 25 per cent more, because we buy our material in this country, and it is all manufactured under the same relative labor conditions that we build the ships under in our yard. If labor represents 50 per cent of the cost of the ship and that costs 50 per cent more, there is 25 per cent of the total cost of your ship; and if your material costs you 25 per cent more on the other half of the ship there is $12\frac{1}{2}$ per cent more, making $37\frac{1}{2}$ per cent of the cost of the ship that you can see right on the face of things.

Mr. CLARK. When you have a monopoly of the building of ships for the coastwise trade, is not that sufficient?

Mr. POWELL. No, sir; it is not sufficient.

Mr. CLARK. Is it not sufficient to enable you to contest with the foreigners in the building of foreign ships?

Mr. POWELL. If you gentlemen will amend the Sherman antitrust law so that the four big shipyards on this coast can form a trust, we can get a price for the coasting business that will give us a profit on our capital. But as long as we are in active competition and are putting the prices down to the lowest possible notch in order to get enough business to keep alive, we can not live on the coasting business.

Mr. HARDY. You stated just now that for financial reasons—you were speaking from hearsay—this vessel that is intended to fly the Cuban flag was built in America at greater cost. I want to know, although it is hearsay, or whatever it is, what the reasons were that induced those business men to pay 50 per cent more than they could get the same vessel for to fly the Cuban flag.

Mr. POWELL. I am not in a position to answer that question. I do not know enough about it, and I might make statements here that another shipbuilder might consider prejudicial.

Mr. HARDY. It was not a common-sense business proposition, was it?

Mr. POWELL. It might be a very common-sense business proposition. There are a great many other things in the world that have to be considered besides the question of first cost. If you want to buy a suit of clothes, the first cost is not the only thing you consider.

Mr. HARDY. But you can not tell us what those other considerations are?

Mr. POWELL. I am not able to tell you what they are.

Mr. HARDY. It looks rather curious to me. It was curiosity that prompted me to want to know.

Mr. ALEXANDER. You are a graduate of Annapolis, are you not?

Mr. POWELL. Yes, sir.

Mr. ALEXANDER. That is my recollection. You resigned from the Navy to go with the Cramps?

Mr. POWELL. Yes, sir.

The point I would like to put clearly before the committee is that we should like to have a postponement of this hearing in order to have a chance to bring before the committee the people who are interested in defeating this bill, because it is the forerunner of general legislation of very wide scope.

The CHAIRMAN. How long a time would you like to have?

Mr. POWELL. Two weeks, sir.

The CHAIRMAN. How would a week from next Thursday suit you?

Mr. POWELL. Very well; a week from Thursday, sir.

Mr. GOULDEN. That would be about the 9th?

The CLERK. It would be the 9th.

The CHAIRMAN. I think there will be no objection to giving them an opportunity to present the matter to us.

Mr. POWELL. Very well, sir.

Mr. ELLIS. Mr. Chairman, in connection with a postponement of the consideration of the bill, I should like to say that it is a pretty long trip from New Orleans up here, and I should not like to see it

postponed for two weeks. That would make it almost impossible to get any legislation at this session of Congress.

The CHAIRMAN. I think I can answer for you that it will be impossible to put the legislation through at this session anyway, now; and I certainly would not think of admitting that we could consider the matter and close it to-day with people who are interested desiring to be heard. I certainly should very strongly oppose taking action on it to-day.

Mr. HUMPHREY. Does anybody else want to be heard?

Mr. ELLIS. I did not ask to have action taken to-day.

The CHAIRMAN. But, Mr. Ellis, the gentleman who has just taken his seat asked to have a postponement for two weeks, and finally said that a week from Thursday would answer his purpose.

Mr. HUMPHREY. I should certainly oppose a postponement for that length of time. If we want to do anything on this bill, we want to do it. In addition to that fact, I think the members of this committee know the effect that this is going to have. I do not want to hurry it through if there are any other gentlemen that want to be heard. But we want to act on it, because there is not a man on this committee who does not know the circumstances and conditions. It is something they are perfectly familiar with; and I do not think additional evidence will amount to anything.

The CHAIRMAN. People who have a large amount of money invested desire time to appear in opposition to the bill, and I think they are entitled to it.

Mr. HUMPHREY. That simply means killing the bill.

The CHAIRMAN. I have no doubt of it.

Mr. HARDY. If we postpone it for two weeks, we might as well quit right now.

Mr. HUMPHREY. Of course if the majority of the committee—

The CHAIRMAN. I think there is no doubt it means killing the bill; but I do not think it will be possible to put it through under any circumstances.

Mr. GOULDEN. I do not see why postponing further hearings until a week from to-day would not be sufficient time. All these shipyards are in the East.

STATEMENT OF CAPT. W. G. RANDLE, MARINE SUPERINTENDENT OF THE NEW YORK SHIPBUILDING CO., OF CAMDEN, NEW JERSEY.

Mr. RANDLE. Mr. Chairman, I approve of all the remarks made by Mr. Powell, of the Cramp Ship Building Co. Representing large interests in shipbuilding, I most respectfully ask for a postponement such as he proposes, with your approval.

The CHAIRMAN. It is suggested that we postpone the matter until a week from to-day. How would that answer?

Mr. RANDLE. A week is a short period in which to combat such a momentous proposition as that which comes before this committee. The admission of 17 foreign-built ships under the American flag, with the privileges that they ask, is going to interfere very much with the shipbuilding interests of the country. Therefore I most respectfully ask that we have as long a period as possible to prepare to combat the provisions of the bill.

Mr. HUMPHREY. How long has it been since you built a vessel for the foreign trade?

Mr. RANDLE. The last ships we built for the foreign trade, the oversea trade, were built nine years ago.

Mr. HUMPHREY. Why have you not been building them since that time?

Mr. RANDLE. On account of the depression in the shipbuilding industry generally and the maritime interests of the country, Mr. Humphrey.

Mr. HUMPHREY. You have heard these other gentlemen state the number of vessels that have been built since that time in the foreign trade, to engage in trade with these countries right down here—the nearest trade that we have.

Mr. RANDLE. Yes, sir; we are perfectly aware of that.

Mr. HUMPHREY. That is almost coastwise trade. Why did you not build some of those ships?

Mr. RANDLE. Because we were not asked to, sir.

Mr. HARDY. Is it not likely to be a fact that you will not be asked to build them if these ships can be built for 50 per cent less elsewhere, and simply fly another flag?

Mr. RANDLE. It certainly will be the fact, sir, if they are allowed to come here after they are built and seek American registry and flag, and have it granted.

Mr. HARDY. Has it not been the effect that without asking for American registry our capital has just been invested in ships under a foreign flag?

Mr. RANDLE. The reason why there has been no inquiry for bids from us for vessels for the over-sea trade is because legislation in the halls of Congress has been detrimental to the general maritime interests of the country.

Mr. HARDY. But here are these 17 vessels that have been built in the last nine years, have they not?

Mr. RANDLE. Yes, sir.

Mr. HARDY. And our own capital built them; did it not?

Mr. RANDLE. Yes, sir.

Mr. HARDY. And it built them without any kind of premium or subsidy or anything of the kind?

Mr. RANDLE. Yes, sir.

Mr. HARDY. Do you want conditions to stay as they are?

Mr. RANDLE. No, sir.

Mr. HARDY. So that American capital can not go to an American ship?

Mr. RANDLE. I contend that if we are to contend favorably with foreign-built ships, we shall have to reduce the price of labor in this country 50 per cent. You know very well, gentlemen, that it would be heresy to go before this country and say to the men working in our yards and other yards, and all through the manufacturing industries of the country, that produce the material that goes into the building of ocean liners and battleships, and so on: "Your wages will be reduced 50 per cent to-morrow, so that we can compete with foreign shipbuilders."

Mr. HARDY. Now, let me ask you some questions. As the law now stands, these ships that are owned by Americans will be built in foreign countries and fly foreign flags in order to do this business, will they not?

Mr. RANDLE. To a certain extent, yes.

Mr. HARDY. In nine years you have not built one, have you?

Mr. RANDLE. No.

Mr. HARDY. Are you likely to build one in another nine years?

Mr. RANDLE. With proper legislation.

Mr. HARDY. But I am talking about the law as it stands now.

Mr. RANDLE. Yes, sir; as it stands now.

Mr. HARDY. You very likely will not build one in nine years?

Mr. RANDLE. We have been appealing to Congress, as you are aware—

Mr. HARDY. Leaving out your appeals, with the law as it now stands, you are not likely to build one in another nine years, are you?

Mr. RANDLE. I do not know. Yes; we might.

Mr. HARDY. To engage in this kind of business?

Mr. RANDLE. We are building two or three now.

Mr. HARDY. Now, about your appeal to Congress. Is not your appeal to Congress, in substance, simply that to enable you to build ships to compete with these cheaper-built foreign ships you must have a subsidy?

Mr. RANDLE. Yes; we must have Government support.

Mr. HARDY. That subsidy, to be successful, must be equal to the difference in the cost of the ships, must it not?

Mr. RANDLE. I think the people that are interested in the building of ships—

Mr. HARDY. You do not answer my question.

Mr. RANDLE. Excuse me.

Mr. HARDY. In order to be successful, the subsidy must be equal to the difference in the cost of the ships?

Mr. RANDLE. In the cost of the running expenses only, I think.

Mr. HARDY. In the original cost, too?

Mr. RANDLE. No; I do not think that enters so largely into it.

Mr. HARDY. The vessel costs 50 per cent more—

Mr. RANDLE. Yes; but still, from the experience that I have had in the trans-Atlantic service for 30 years or more, under the American flag, with those that I have been connected with, I am positive that the first cost is not the initial cause of the competition.

Mr. HARDY. Let us leave out the other causes. Your first cost necessitates an additional amount of insurance, does it not?

Mr. RANDLE. Oh, yes.

Mr. HARDY. Your repairs are also higher; are they not?

Mr. RANDLE. I think the patriotism that exists in the hearts of the people interested in the revival of the merchant marine of the United States is quite sufficient to make them willing to lay out that first increased cost. But the continual running at higher expense is another matter.

Mr. HARDY. Let us see. What is the average life of a steel vessel, say of 6,000 tons? Ten years, 20 years, or what?

Mr. RANDLE. Oh, it is unlimited, if they are taken care of.

Mr. HARDY. Do not the repairs cost about as much as the original vessel cost during its life?

Mr. RANDLE. No, sir; no, sir. They do not.

Mr. HARDY. So you think, then, that the fact that your vessels cost 50 per cent more to start with would not make any difference? It costs 50 per cent more to repair them, too, does it not?

Mr. RANDLE. The ordinary oversea ship does not cost 50 per cent more.

Mr. HARDY. Is there not a long statute which makes you pay 50 per cent duty on any repairs that you have made abroad?

Mr. RANDLE. Oh, yes.

Mr. HARDY. That is on the ground that it costs 50 per cent more here, is it not?

Mr. RANDLE. But it does not cost more than about 30 per cent more in the case of the ordinary over-sea ship, unless she is an expensive passenger ship.

Mr. HARDY. Now, I get back to my question: To enable you to compete in the foreign trade on the high seas, must you not have something to put you equal in the original cost and the cost of repairs and insurance?

Mr. RANDLE. That is what I was working up to, sir.

Mr. HARDY. Then you want a subsidy to equal that amount?

Mr. RANDLE. Until the merchant marine of the United States is perfectly self-supporting it will have to be given the difference between the running expenses under the American flag and the running expenses under a foreign flag.

Mr. HARDY. And it does not make any difference about the original cost?

Mr. RANDLE. No; I do not think that makes any difference at all. I do not think that would actually make any difference.

Mr. HARDY. And yet these very vessels that you are talking about now are manned, are they not, by the same class of men that foreign vessels have in the same trade? Do they not get their crews in the same ports, at the same wages? Your British vessel is also required to have a greater space for each member of the crew, is she not?

Mr. RANDLE. Do you mean these that they are asking to get in under American registry?

Mr. HARDY. These 17 vessels get their crews right where their competitors get them? They get them now, flying the British flag, right where they would get them if they flew the American flag?

Mr. RANDLE. Yes.

Mr. HARDY. And they pay the same wages for them now that they would pay if they flew the American flag?

Mr. RANDLE. No; they do not.

Mr. HARDY. All except the officers?

Mr. RANDLE. No; the overhead expenses are greater.

Mr. HARDY. Why would they pay more in New Orleans, for instance, to get a deck hand, say, because they flew the American flag? As a matter of business, if you were there, would you pay any more if you flew the American flag?

Mr. RANDLE. No, indeed.

Mr. HARDY. Then do not the crews come from the same class of men, in the same locality, at the same wages?

Mr. RANDLE. A few of them do; just the few workingmen they use.

Mr. HARDY. How many of them receive different wages? Do not the British have a class of officers that are just about as good as the Americans?

Mr. RANDLE. Just as good; oh, yes.

Mr. HARDY. Do they not pay them about the same?

Mr. RANDLE. No; oh, no; no, indeed; not by one-half.

Mr. HARDY. I refer to those that are over here now engaged in this business, that do not go back across the ocean. Take the case of these vessels where Americans employ them.

Mr. RANDLE. There are Norwegian and Swedish steamers running out of the port of Philadelphia to-day with Norwegian captains and crews whose captains are getting \$25 a month, sir. I know it from personal inquiry. Twenty-five dollars a month is all that is paid the captains of those little Norwegian steamers, running out of Philadelphia, down after bananas.

Mr. HARDY. They have not formed a union yet?

Mr. RANDLE. No; they certainly have not. If you had an American there, he would not undertake the position for less than \$150 a month.

Mr. HARDY. They will get a union pretty soon.

Mr. RANDLE. There is where the difference is.

The CHAIRMAN. Are there any other questions to be asked of Mr. Randle relating to the bill?

Mr. ALEXANDER. The gentleman asked for a postponement.

Mr. RANDLE. Yes; I respectfully ask for a postponement.

Mr. ALEXANDER. We will take up that matter with the committee later.

**STATEMENT OF MR. JAMES H. HAYDEN, OF WASHINGTON, D. C.,
REPRESENTING A. H. BULL & CO., OF NEW YORK.**

Mr. HAYDEN. Mr. Chairman, I learned on Friday last that the committee would take up the bill for consideration to-day.

The CHAIRMAN. Whom do you represent, Mr. Hayden?

Mr. HAYDEN. I represent here to-day A. H. Bull & Co., of New York, considerable owners of American tonnage engaged in the coasting trade, and also owners of some foreign tonnage. In addition to that, Mr. Chairman, I represent a number of interests that I believe will be deeply concerned in the outcome of this bill. I have communicated with them, and I know they are considering the presentation of protests against its favorable consideration by the committee. But in the interval since last Friday they obviously have had no opportunity to formulate their plans. I have, and would like to present to the committee, a letter directed to me by Bull & Co., of New York. While it is directed to me personally, instructing me to appear and protest against this measure in their behalf, I doubt whether a business man's and shipowner's reasons for a protest can be expressed in a way that will appeal better to the committee.

(The letter reads as follows:)

[A. H. Bull Steamship Co., A. H. Bull & Co., General Agents.]

8 AND 10 BRIDGE STREET,
New York, January 27, 1911.

JAMES H. HAYDEN, Esq.,
Bond Building, Washington, D. C.

DEAR SIR: Your favor of the 25th received, with copy of H. R. bill 31689, for which we thank you.

We would like to have you prepare a protest and file it in our behalf, for we are very much opposed to special legislation of any kind. If there is to be any legislation in favor of shipping, it should be of a general nature, that we and everyone concerned could have the benefit of, and at least could know what to depend upon and "trim sails" accordingly.

If the United Fruit Co. or any other vessel owner wish to procure the American registry for profit, protection, or because American steamers will be free from toll in passing through the Panama Canal, or if for any other purpose they desire the American registry for their floating property, they should be obliged to do as we have had to do—build them in the United States and pay the prices therefor.

Because there had been special legislation in behalf of other owners of steamship property, we were led to believe there would be, in our behalf, a United States registry granted our steamship *Eva*. After we had been so misled, the Committee on Merchant Marine and Fisheries, with Congress, decided that there would be no further special legislation whatever in the interests of any shipowners. Having refused special legislation in the *Eva's* case, compelling us to build our steamers at a high cost in the shipbuilding yards, it seems to us manifestly unfair to grant special legislation to others, giving them what was denied to us.

We do not object to the United Fruit Co. or any other vessel owner securing the United States flag for their vessels, if they do so under a general bill, giving everybody the same privilege granted to them. Otherwise, as we have stated above, we are totally opposed to bill H. R. 31689, and shall be against any measure granting special privileges to special companies or individuals.

Yours, very truly,

A. H. BULL & Co.

P. S.—If it is necessary for us to appear before the committee, telegraph us and we will endeavor to be on hand, though we have plenty to do here.

That suggests to me that it might be well to consider what has been the policy of Congress toward foreign shipping since the beginning of the Government. From the beginning up to 1852, foreign vessels were barred from our coastwise and foreign trade. In that year there was passed a general act, of which all might avail themselves, under which, when a foreign-built vessel had been wrecked in this country, she might be repaired in American shipyards; and if the cost of repairs, American labor and American material, then amounted to three-fourths of the vessel's value when repaired, she came in without anything being done beyond executive action in granting her registry.

In 1906 that general law was repealed, this committee and Congress being of the opinion that to admit repaired foreign-built wrecks under those circumstances worked injustice to those who build their ships in American yards; that it was unfair to allow a man, by repairing a foreign wreck which would cost him not to exceed 50 or 60 per cent of the cost of an American vessel, to put her in competition with the latter. So that law was repealed. That was the second change of policy.

Following that, Congress seems to have returned to its first policy of admitting foreign-built vessels to American registry, including the coasting trade, by special enactment, because shortly after the repeal of the wreck bill in 1907 Congress passed a special act for the admission of the Luckenbach vessels *Marie* and *Success*.

Then came another change. Supposing that Congress had returned to its first policy, and would admit a foreign-built vessel upon proof that a certain amount (75 per cent or more of her total cost) had been spent in this country, the owners of the *Eva* asked American registry for her. The bill was bitterly contested by American shipowners and shipbuilders; and Congress and this committee declined to report it favorably.

Mr. CLARK. Did they not ask American registry for the *Andromeda* too, at the same time?

Mr. HAYDEN. That was another bill, sir. Different owners asked for American registry for her.

That settled the question. After that, as we were advised, this committee adopted a general resolution—which, indeed, has been read here to-day—to the effect that special legislation of this sort should

not be permitted; that no special bills should be passed giving American privileges to foreign-built vessels. That was in 1908.

Believing that Congress indicated its policy by that resolution, and by its refusal to pass the bills for the admission of the *Eva* and the *Andromeda*, Bull & Co., finding that they required additional tonnage to conduct their work, built three vessels in this country. I do not know what their cost was, but taking the figures that were mentioned to you this morning by Mr. Ellis, and that may have been discussed by others, those ships cost them at least 45 to 50 per cent more than they would have cost abroad. They did that because they did not believe there was any other way in which they could procure the American flag and the privileges that go with it.

Mr. HUMPHREY. They were in the coastwise trade?

Mr. HAYDEN. In part, sir; and in part not. For instance, I happen to know that on some occasions their vessels have gone to foreign ports in the West Indies for cargoes of sugar to bring to this country.

Mr. HUMPHREY. If you had been going to run exclusively in the foreign trade, you would have gone abroad to build them, would you not?

Mr. HAYDEN. Had that been their thought, sir, they would have purchased and run a vessel not only foreign-built, but under a foreign flag.

Mr. HUMPHREY. To be sure.

Mr. HAYDEN. And they would have availed themselves of the low wages throughout, from master down to stoker, which prevail in foreign shipping. For a comparison of the wages paid I refer you to the report of the Commissioner of Navigation for the year 1901. He deals with that question there in a most admirable manner and most exhaustively. I have it with me to-day; and with the committee's permission I will quote an extract from his report, and ask that it be printed with these hearings.

The CHAIRMAN. Unless objection is made, that will be done.

(The extract referred to will be found at the end of Mr. Hayden's remarks.)

Mr. ALEXANDER. Have you anything more recent about wages than 1901?

Mr. HAYDEN. Yes, sir. The matter has been discussed, I think, in most of his reports since that time; but I select that as most complete, because there he made a comparison of American, British, and German vessels of substantially the same kind.

But my point is this: Having apparently adopted a policy which compelled the shipowners to build in American yards, notwithstanding the higher prices prevailing there, they claim (and I submit, with justice) that it would be unjust to change that policy by admitting these 17 foreign-built vessels, and enable them to compete with those of American build.

Mr. HUMPHREY. There is a question I want to ask you at that point: How are these vessels going to compete with American-built vessels? I wish you would tell the committee where there are American-built vessels that are running in the foreign trade that are not receiving assistance from the Government, and how these are going to compete with them?

Mr. HAYDEN. I am not a shipping man, sir; but I do recall one instance (and I doubtless fail to recall others because I am not ac-

quainted with them) when a vessel owned by Bull & Co. was loaded with sugar at a foreign port in the West India Islands, and brought that cargo to this country. It was an American ship. They could not have done that in competition with foreigners. The foreigners underbid them every time. But, Mr. Chairman and gentlemen——

Mr. HUMPHREY. Before you leave that subject, just let me say, if you are not familiar with the fact, that there is to-day but one vessel upon the ocean flying the American flag that is running exclusively in the foreign trade, aside from those that receive assistance from the General Government.

Mr. DUFF. Mr. Humphrey, just a moment: I will endeavor to furnish you with a list of at least half a dozen vessels under the American flag that are running in the foreign trade, operated by the Ward Line, receiving no benefit from the American Government.

Mr. HUMPHREY. Exclusively in the foreign trade?

Mr. DUFF. Exclusively in the foreign trade, and receiving no benefit whatsoever from the Government.

Mr. HUMPHREY. I wish you would.

Mr. POWELL. There is the Pacific Mail, too.

Mr. HUMPHREY. The Pacific Mail is not engaged exclusively in the foreign trade.

Mr. POWELL. The trans-Pacific Line is.

Mr. HUMPHREY. I beg your pardon; it is not. It gets the benefit of the coastwise trade between this country and Hawaii, and its representatives have been right here before this committee appealing to us to have the law repealed so that they can get in there; and the Japanese vessels want to get in, too.

Mr. HAYDEN. Nevertheless, they run on to Hawaii.

Mr. HUMPHREY. The only such vessel I know of in the trans-oceanic trade is the *Minnesota*. There may be some of these nearer ones, but I do not even know about that. These vessels are going to run anyway, whether they fly the American flag or whether they do not. They compete just as much with American vessels as they would if they had the American flag.

Mr. HAYDEN. Then why give them the American flag?

Mr. HUMPHREY. They have told you why.

Mr. HAYDEN. If that is all——

Mr. HUMPHREY. If it is satisfactory to them, why should we complain?

Mr. ALEXANDER. Would they not be entitled to the subsidy under the act of March 3, 1891, if they came in?

Mr. HAYDEN. No, sir.

Mr. HUMPHREY. I think not, because you will see, if you read the act of 1891, that it says "American-built ships."

Mr. ALEXANDER. It does not say "American-owned"?

Mr. HUMPHREY. The act of 1891 says "American-built," I think.

Mr. ALEXANDER. That is what I do not recall.

Mr. HUMPHREY. I have not it before me, but that is my recollection of it.

Mr. HARDY. I should like to ask the gentleman just one question: As a business man, seeking to invest capital in the ship-carrying business, as the law now stands, would you have a vessel built in the United States, flying the American flag, for exclusively foreign shipping?

Mr. HAYDEN. I can best answer that question by giving you the experience of the company represented by Mr. Duff, which he doubtless can relate better than I. I refer to the experience of the Red Star steamers, some of which were under the Belgian and some under the American flag; and there are two American-built vessels (the *Finland* and the *Kroonland*) which, I understand, have recently gone under the Belgian flag.

Mr. DUFF. That is a fact. I am not specially informed upon the subject; but I do know that two of their large 12,000-ton boats that were built in this country and had been run under the American flag for some time were subsequently transferred to the Belgian flag, simply for the purpose of reducing the operating cost.

Mr. HARDY. Then, as I understand it, as the law now stands there is not even a remote chance of a business man having a ship for exclusively foreign trade built in this country to fly this flag?

Mr. DUFF. My own personal opinion is that unless there is something connected with the proposition which is going to prove a direct advantage to the owner, there will not be; and for that particular reason, sir, I think the clause in the proposed bill which gives the United Fruit Co. the privilege of engaging in the Canal Zone trade is the reason why they ask for the American flag for these vessels.

Mr. HUMPHREY. Hold on, now; let us see. Let me ask you just a question there. Suppose that is true. You must make that statement after thinking it over. You have had some time to study over it. Suppose that is true. If that clause is stricken out, do you see any objection to this bill?

Mr. DUFF. I do not know.

Mr. HAYDEN. It seems to me, sir, that the only substantial privilege, the only thing of value to the United Fruit Co. in this bill and what their real motive must be in asking for its passage, is the privilege of trading between ports of this country and those of the Canal Zone.

Mr. HUMPHREY. Let me ask you the same question. Suppose that were stricken out. Would you have any objection to the bill?

Mr. HAYDEN. I should, sir, object to it in principle, because it is special legislation. I do not believe in giving one a privilege that you deny to others.

Mr. HUMPHREY. You have very recently changed your mind, have you not? Just let us settle this question here. You have been before this committee, if my memory serves me right, asking that certain wrecked vessels be permitted to have American registry so that they could engage in the coastwise trade, and that was refused. Now, you think that because you were refused registry for those wrecks in the coastwise trade we should not grant these vessels the flag for the foreign trade. Was not that about the argument that you made a while ago and is not that the argument made in Mr. Bull's letter—that because he has been refused registry for his wrecks we ought not to grant it for these vessels?

Mr. HAYDEN. He points out, sir, I believe, that he has accommodated himself to the general law prevailing at the time, or what was the evident policy of Congress. When repaired wrecks could be brought under the flag without legislative action, he brought in a few, as did others. After that law was repealed and Congress indi-

cated a policy of returning to the custom of passing special legislation, and has done so——

Mr. HUMPHREY. You understood what I meant. You want to be fair to the committee. You know that you were asking for the American registry, so that you could get in the coastwise trade.

Mr. HAYDEN. I believed it to be the policy of Congress to grant registers under such circumstances. The seventeen vessels referred to in this bill have not had a dollar spent on them in this country outside of incidental repairs.

Mr. HUMPHREY. Nor do they ask to engage in a trade or carry a single pound of freight or a passenger that they can not carry to-day.

Mr. HAYDEN. The vessels that were registered by special act had had large sums of money spent on them for reconstruction in this country; and it was the policy of Congress to treat such vessels as substantially meeting the requirements of building in this country. That policy has been done away with. Congress has announced what its policy shall be in all cases; and American investors in shipping have accommodated themselves to the policy announced by Congress. Now they say, Why depart from that policy and compel us to compete with cheaply built foreign vessels?

Mr. HUMPHREY. Yes; but you do not compete with these vessels. You are not competing with them to-day. The change of flag does not make any difference so far as competition is concerned. If it has any effect at all, it is to weaken the competition, because when these vessels go under the American flag they are compelled to pay the same for their officers that you do. They get no advantage in that respect. How can they compete with you then any more than they are now competing with you? If it were a question of admitting these vessels to a trade that they have no right to now, your argument would be of some force. But these vessels are running now; and whether we pass this bill or not they are going to go right ahead. How is it going to increase your competition?

Mr. HAYDEN. Of course I am speaking, sir, to the bill as written, which would give them the privileges which may be accorded to American vessels with respect to the use of the Panama Canal.

Mr. HUMPHREY. But they are using it now.

Mr. CLARK. Mr. Hayden, you are a lawyer?

Mr. HAYDEN. I am supposed to be, sir.

Mr. CLARK. I know you are, and a good one. I want to ask you your opinion as to the last part of the first section, "but shall not be excluded from that between this country and the ports of the Panama Canal Zone." What do you think that means? How do you construe that?

Mr. HAYDEN. I think, sir, that a vessel could clear, we will say, from New York on the Atlantic to the ports of Panama on the Pacific, carrying her through the canal. Her destination might be a Mexican port on the Pacific coast or one on the west coast of South America. Going through the canal she would have any immunities that may be granted to American-built vessels. I am assuming that those immunities will be given. There is a bill pending in the House for that purpose and a similar bill in the Senate. I assume that we are going to follow substantially the same practice that has been followed by

other nations with regard to the Suez Canal. Russia, Austria-Hungary, and, I think, one other country reimburse their vessels for all amounts paid as Suez Canal tolls. Great Britain, Germany, Italy, Spain, and a vast number of others make good to their vessels the canal tolls by mail and other subsidies. So that in one way or another we are going to give back to our vessels the tolls that may be assessed against them for the use of the canal.

Mr. CLARK. If this bill passes in its present shape, and if, after the canal is finished, Congress does grant certain immunities to ships flying the American flag, would not the language of the bill admit these ships to the enjoyment of all those immunities? After Congress had granted this right, and these vessels had gone to the trouble of registering and accepting the benefits of the act and all that, could they be specifically excepted? Would it not be in the nature of a contract between the Government and these particular ships? And could Congress take away those rights from these vessels?

Mr. HAYDEN. I think it might be competent for Congress to say that the immunity should extend only to American-built vessels. But we know perfectly well that that is not what Congress would do.

Mr. HUMPHREY. I am glad to know that you are able to interpret what Congress will do.

Mr. HAYDEN. We know that the immunity would follow the vessel's document.

Mr. CLARK. The immunity would follow the flag?

Mr. HAYDEN. Most certainly.

Mr. HUMPHREY. Let me ask you this question, Mr. Hayden: You seem to impute to the fruit company the motive of trying to get in here and in some way get through the canal. Suppose that clause were stricken out of the bill, and they were admitted exclusively to the foreign trade; would you still object to it?

Mr. HAYDEN. If they were admitted solely to the foreign trade?

Mr. HUMPHREY. Yes.

Mr. HAYDEN. I should still object to it, sir, as class legislation.

Mr. HARDY. Let me amend Mr. Humphrey's proposition. Suppose we made it applicable to all ships, so as to remove its specific legislative character; then, would you still object to it? Mr. Duff, as I understood him, stated that he would have no objection to it under those circumstances.

Mr. HAYDEN. I must confess that I would, because I represent interests other than Bull & Co. I represent some shipbuilding interests.

Mr. HARDY. Then, as the shipbuilding interests would fight any possibility of letting the American flag float on a foreign-built ship, although I believe you yourself admit you are not going to build any such—

Mr. HAYDEN. No, sir; I do not admit that they are not going to do it.

Mr. HARDY. Except by the help of the Government?

Mr. HAYDEN. There is an Argentine vessel being built at the New York shipyard now.

Mr. HARDY. A battleship?

Mr. HAYDEN. Yes.

Mr. HARDY. If you were forced to do so, your shipyard might compete with the foreigners, anyhow, might it not?

Mr. HAYDEN. I do not know that the competition there did extend to price. It was deemed to be good policy for Argentina to build here. But I do submit that if there be any chance for our shipyards to build for our trade, foreign as well as coastwise, they ought to have it.

Mr. HUMPHREY. I agree with you there.

Mr. HARDY. Do you not think it has been demonstrated that there is no chance of your shipyards building the foreign-trade ships?

Mr. HAYDEN. I can not see that, sir. They have done it in the past.

Mr. HARDY. One of these gentlemen says his company has not built one in nine years, and the other one says his company has not built one in four years.

Mr. HAYDEN. But that does not show that it may not occur in the future, as our trade is built up. Much is expected, sir, from the opening of the canal. Much is expected from the prospective trade with South American countries.

Mr. HARDY. That would not make them any nearer. The opening of the canal would not make it any nearer from New York to eastern South American ports, would it?

Mr. HAYDEN. I do not think that trade has been developed yet. It would not make them nearer, though it would make it nearer to the western coast of South America. Vessels would run from the Atlantic to the Pacific ports of this country, which would be coastwise; and at times they might gradually get into the foreign trade.

Mr. HARDY. How could they? As long as they are coastwise, I will admit what you say; but what reason have you for thinking they will get any deeper into the ocean trade, the foreign trade proper, when instead of increasing your shipbuilding you have been dropping off every year?

Mr. HAYDEN. Why, this is my thought, sir: If in the future a vessel should be engaged as a freighter between New York and San Francisco, by way of the canal, if she found herself in San Francisco without a cargo, rather than come back to New York in ballast she might pick up a cargo perhaps at less than a fair rate at a Mexican port or a South American port.

Mr. HARDY. Oh! Your idea is this; that if we will give them the monopoly of the coastwise trade, they may use that as a stepping-stone on which they will occasionally carry a little foreign trade?

Mr. HAYDEN. That is the only way in the world that we can get our vessels a lodgment in the foreign trade without subventions.

Mr. HARDY. Have you ever made an estimate of how much it would cost in the way of a subsidy? But I will not ask that. Never mind about that.

Mr. SWASEY. I think Mr. Hardy has picked out a case for the next Congress.

Mr. HAYDEN. That, sir, is a question I would not pretend to answer.

Mr. SWASEY. I object. [Laughter.]

Mr. PENFIELD. May I ask a question, Mr. Chairman?

Mr. HAYDEN. Pardon me just one moment. You asked me what it would cost. There, again, I refer you to the Report of the Commissioner of Navigation for 1901, in which he estimates that it would take about 10 per cent of the initial cost to place an American steamer

on a plane of equality with a foreigner in the foreign trade. I can not come nearer than that.

Mr. PENFIELD. Mr. Chairman, I should like to ask this question, if I may: Mr. Raymond appeared here on the stand this morning and testified that he was the vice president of the New York & Porto Rico Steamship Co. Am I correct, Mr. Raymond?

Mr. RAYMOND. No.

Mr. PENFIELD. Are you connected with the New York & Porto Rico Steamship Co.?

Mr. RAYMOND. Mr. Mooney is vice president of it.

Mr. PENFIELD. Is that correct, Mr. Mooney?

Mr. MOONEY. I testified this afternoon.

Mr. PENFIELD. What connection do you have with the New York & Porto Rico Steamship Co.?

Mr. MOONEY. I am its vice president and general manager.

Mr. PENFIELD. Mr. Mooney appears and objects to this Panama Canal provision; and I am quite sure this act of Congress will interest the committee:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is hereby authorized and directed to cause the foreign-built steamer Arkodia, owned by the New York and Porto Rico Steamship Company, incorporated under the laws of the State of New York, to be registered as a vessel of the United States: Provided, That the said steamship shall not engage in the coastwise trade of the United States, but shall not be excluded from that between this country and Porto Rico.

That is now a law. I should like to ask Mr. Mooney how he explains his position to-day and reconciles it with the act of Congress as passed for his company some time ago.

Mr. HAYDEN. The policy of Congress has changed since that act was passed.

Mr. HUMPHREY. There is no man on this committee but will agree that we had no reference to the foreign trade.

Mr. SWASEY. You have changed it right here; you have shut the door.

Mr. HAYDEN. That is correct, I believe.

(The extract from the Report of the Commissioner of Navigation for the year 1901, which Mr. Hayden was given permission to have inserted in the record of the hearing, is as follows:)

WAGES OF OFFICERS AND CREW.

By the laws of the United States and of maritime nations generally the contracts between the master of a vessel and the crew for service on shipboard, particularly in the foreign trade, are required to be made in the presence of an officer of the Government. In the United States such contracts for service in trade between this country and the West Indies, Mexico, the Dominion of Canada, and Newfoundland may or may not be made before a shipping commissioner. In the coasting trade of nations, as a rule, such contracts, for obvious reasons, are not required to be made before Government officers.

The wages paid to men in different ratings on shipboard are thus matters of official record. For some years the reports of the bureau have shown the wages paid at different ports of the United States to men in various ratings employed on American steam and sail vessels, which have been tabulated from the returns made by shipping commissioners. Similar returns relating to British vessels have been published for some years by the British Board of Trade and reprinted in the report of the bureau. The latest returns, American and British, may be found in Appendix C. The American rates of wages are those paid to the few thousands of men required to man our

small tonnage, and in some instances apply to only two or three men. The British rates of wages apply to about 150,000 men in the British merchant service. The tables show that the rates of wages paid on American vessels are considerably higher in respective ratings, and the difference in wages is greatest in the most important labor factor in ocean steam navigation—the men employed in supplying coal to the furnaces (firemen and trimmers).

Physical endurance is evidently the quality most required in this form of labor, which admits of little chance for the display of mental qualities. The efficiency of labor, therefore, is not a factor in determining absolute wages in the stokehold of a steamer. Where a fireman on an American steamer receives from \$30 to \$40 a month the usual rates, and a fireman on a British steamer receives £4 to £4 10s. (\$19.86 to \$21.87), the usual British rates, the former does not perform nearly twice as much work in return for the pay. Each handles substantially the same amount of coal under substantially the same conditions, and the difference in labor cost is not diminished or offset by increased productive capacity. This factor is one of the bases of the recent rapid increase in the number of ocean steamships under the German flag. The respective rates of wages for that part of the crew engaged in handling coal are more nearly uniform, regardless of the type and trade of the vessel, for the form of labor is not essentially different, whether the steamer is fast or slow, passenger or cargo, or employed on long or short voyages. The exception to these general statements is to be found in steamers which make Hongkong or ports in southern Asia a terminus. Caucasians have not the physical endurance to handle coal in the firerooms of ocean steamers which remain for a considerable period in the Tropics, and, regardless of nationality, merchant steamers employ Chinese or lascars for that purpose when in that trade.

General comparison of the pay of engineers is more difficult, because the responsibility and pay vary with the size and power of the engines, the number of engineers, and frequently with the length of service of the individual. Individual efficiency is of course also an element in determining pay. The acquaintance of Americans, as a nation, with machinery is probably greater than that of any other nation, but our familiarity with marine machinery is naturally less than that of the British. Generally speaking, American and British engineers on shipboard are doubtless of about equal efficiency, while American engineers are superior to German engineers.

The number of men who can "hand, reef, and steer" is a steadily decreasing proportion of the total number of men employed in ocean navigation. To the conceded superior efficiency of her able seamen the United States owed success in the days of square-rigged sailing vessels. Commercially, however, the firemen and trimmers, as already indicated, have taken the place of the deck force as the important labor factor in navigation.

Subject to the limitations which will appear from a careful examination of the wage tables in Appendix C, the following is an approximate summary of the monthly wages generally paid on American and British vessels to officers and seamen, and on steam vessels to engineers and firemen:

	Sail.			Steam.		
	Highest.	Lowest.	Usual.	Highest.	Lowest.	Usual.
First mates:						
American.....	\$60.00	\$33.00	\$45.00	\$120.00	\$50.00	\$75.00
British.....	48.60	24.30	34.02	97.20	24.30	56.89
Second mates:						
American.....	50.00	25.00	35.00	70.00	40.00	50.00
British.....	34.02	17.01	23.08	72.90	23.08	38.88
Able seamen:						
American.....	40.00	15.00	25.00	45.00	18.00	25.00
British.....	15.79	13.36	14.58	21.87	14.58	21.87
First engineers:						
American.....				160.00	50.00	125.00
British.....				170.10	43.00	87.48
Second engineers:						
American.....				100.00	35.00	75.00
British.....				97.20	31.59	60.75
Firemen:						
American.....				50.00	25.00	40.00
British.....				24.30	17.01	21.87

The actual difference in wages is shown more clearly by a precise statement of the complete pay rolls of specific steamers of similar types under the American and foreign flags. The number of American steamers engaged in foreign trade is so small and

the trades in which they engage are so limited that it is well-nigh impossible to make such precise comparisons. In the report of the bureau for 1900 (p. 37) comparison of the monthly pay roll of several cargo steamers of about 3,500 gross tons was made, the pay roll of the American steamship *Pleiades* being \$1,215, and of the British steamship *Lady Joicey*, \$961.03, and *Masconomo*, \$979.28, respectively. These are types of ordinary cargo steamers of moderate carrying power and speed, often called "tramp." Another comparison for vessels of about 2,500 tons was made in the report for 1899 (p. 55), showing the monthly wages of the American steamship *Cherokee*, \$1,385; the British steamship *Critic*, \$851.69; the German steamship *Sonnenburg*, \$646.33; the Dutch steamship *Teutonia*, \$553.62, and the Norwegian steamship *Fortuna*, \$510.72.

In Appendix C are printed the monthly pay rolls of three of the largest and fastest trans-Atlantic mail steamships, the American *St. Louis*, the British *Oceanic*, and the German *Kaiser Wilhelm der Grosse*. The *St. Louis* is considerably smaller than the two foreign steamships, and her engines are about two-thirds of the horsepower developed by those of the foreign steamers. Consequently she burns less coal and requires a smaller crew. The detailed figures in Appendix C may be summarized in the following statement of the monthly pay roll of each vessel, excluding the master (the contract between the master and owners does not usually appear on the Government shipping articles):

Wages on trans-Atlantic mail steamers.

Rating.	American— <i>St. Louis</i> .		British— <i>Oceanic</i> .		German— <i>Kaiser Wilhelm der Grosse</i> .	
	Number.	Total wages.	Number.	Total wages.	Number.	Total wages.
Deck officers.....	6	\$430.00	7	\$359.64	6	\$221.34
Deck force.....	45	1,129.58	44	967.14	53	656.99
Engineers.....	29	1,595.00	25	1,455.57	34	1,069.53
Firemen.....	136	4,860.75	153	3,676.59	179	2,379.80
Purser, etc.....	4	242.50	5	230.85	5	138.04
Culinary.....	27	680.09	21	493.29	25	486.95
Stewards.....	125	2,179.04	162	2,530.36	191	2,156.27
Miscellaneous.....	8	189.13	10	177.88	7	106.63
Total.....	380	11,306.09	427	9,891.32	500	7,715.55

The smaller and slower (than the German) American steamship, with a smaller crew, thus pays a much larger amount for wages than the competing foreign vessels. The comparison would be more exact if the vessels were precisely alike, with the same crews. The crew of 427 men on the British *Oceanic* is paid at the rate of \$9,900 per month, in round numbers. A crew of the same number, performing the same duties, if paid at the corresponding rates of wages on the American steamship *St. Louis*, would receive as nearly as may be \$12,500 a month. A crew of the same number, performing the same duties, if paid at the corresponding rates of wages on the German *Kaiser Wilhelm der Grosse*, would receive as nearly as may be \$6,800 per month. (The United States consul notes that indirectly the pay on the North German Lloyd Line is increased by the insurance fund and by clothing to some of the crew. The annual contribution to the North German Lloyd insurance fund, \$26,200, when apportioned among 10,000 employees of the company, amounts to about 20 cents each a month and does not affect the facts already mentioned. The gift of a new uniform once in six months to each of the petty officers and deck force, about 60 men on the *Kaiser Wilhelm der Grosse*, can not involve a large sum. The two items might add about \$200 a month to the pay roll if converted into wages, but they are to be regarded rather as disciplinary measures to retain men in the company's service. Of the *Oceanic*'s crew of 427 men, 68 are members of the British Naval Reserve, under retainers from the British Government.)

While the steamers are at the home port, New York, Liverpool, and Bremen, respectively, and also while undergoing the annual overhauling, only part of the officers and crew are under pay. While they are at their foreign termini, Southampton and New York, respectively, the crews are under pay. The pay roll for the year will, as a rule, thus be equivalent to about nine months' wages, or, excluding the master's pay, about \$90,000 for the *Oceanic*, about \$113,000 for an American steamer of identical description, identically manned, and about \$61,000 for a German steamer of identical description, identically manned.

STATEMENT OF MR. E. C. PLUMMER, SECRETARY OF THE ATLANTIC CARRIERS' ASSOCIATION.

Mr. PLUMMER. Mr. Chairman and gentlemen, I should like to echo the request for a postponement. While most of our people are interested in sailing craft, yet one of our managers (Capt. Prouty), since you passed the law shutting out foreign-built wrecks, has already built two steamers which are suitable for Government colliers. They are built for carrying coal. He has also just placed a contract for a third coal-carrying steamer of 7,200 tons. I may add that since the repeal of the law allowing foreign wrecks to come in there have been some 12 freighters built in the United States.

Not to go into details at this time, as I say, I should like to ask that the hearing be continued. My attention has been called to one fact, however, which the committee might like to look at while this postponement is on. If they will glance at the proposed new Panama Railroad, they will find that when that railroad is completed and these gentlemen have the right to go to Colon and Panama, although they are not to engage in the coastwise trade, they can come down to those ports and connect on either side.

Mr. HUMPHREY. Can they not do it now?

Mr. PLUMMER. Yes, but——

Mr. HUMPHREY. To be sure. What additional privilege are you going to give them by this bill?

Mr. PLUMMER. The same privilege that the gentleman over there got when he got in his ship running to Porto Rico; and Porto Rico was then put in the coastwise trade, and now that vessel gets the benefit of it. Shipping men are figuring on the tolls being about \$1.25 per ton. If such a law is passed, and American ships are given the freedom of the canal, you will not have to have any subsidies, but you will see vessels built for the foreign trade. We are going around the Horn now with our vessels, and there are all of the west South American ports that they will reach. As I say, gentlemen more competent than I to speak will be here; and when the next hearing comes on I think these facts will be amplified. I will not take up your time now.

Mr. HUMPHREY. I shall have to differ with you on one proposition—that gentlemen more competent than you to speak will be here. You have been coming before this committee for a good many years, and I think you are about as competent to speak about these matters as anybody that comes here.

Mr. PLUMMER. I thank you very much. I want to say that if any man can get through one of these bills, you are the man. [Laughter.]

STATEMENT OF MR. FRED J. GAUNTLETT, REPRESENTING THE NEWPORT NEWS SHIPBUILDING & DRY DOCK CO.

Mr. CLARK. What connection have you with the Newport News Shipbuilding & Dry Dock Co.?

Mr. GAUNTLETT. I am their representative here in Washington.

Mr. CLARK. Their legal representative?

Mr. GAUNTLETT. No, sir. Our legal representative died about a year ago.

Mr. CLARK. I want to know in what capacity you appear. What sort of a representative are you?

Mr. GAUNTLETT. I have been their foreign representative for a number of years, and when I am not traveling in foreign countries I am stationed here in Washington to look after our departmental work.

Mr. CLARK. I see.

Mr. GAUNTLETT. I simply wish to ask for a postponement. I heard that this meeting was to be held this morning, and I believe our people are opposed to it on general principles. I should like to have time to communicate with them and let them add their formal protest.

Mr. HUMPHREY. Are you opposed to it?

Mr. GAUNTLETT. Yes, sir.

Mr. HUMPHREY. If we took out the clause referring to the Canal Zone, would you still be opposed to it?

Mr. GAUNTLETT. Yes, sir. We are opposed to it on this ground: While they are not now competing with American ships, the time may come when they can not find business enough on the line they are now engaged on, and then they will go into any trade they can get.

Mr. HUMPHREY. What trade could they go into then that they can not go into now?

Mr. GAUNTLETT. For instance, they could compete with A. H. Bull & Co., who occasionally run steamers in the foreign trade.

Mr. HUMPHREY. Can they not compete with them now?

Mr. GAUNTLETT. They can, yes; unquestionably they can.

Mr. HUMPHREY. What right will they get under this bill that they do not already have if you remove that shadow about the Panama Canal?

Mr. GAUNTLETT. I do not know that they will get any further right.

Mr. HUMPHREY. Now let me ask you another question. Can you build ships for the foreign trade except where they have to be built in American yards?

Mr. GAUNTLETT. I do not think we can.

Mr. HUMPHREY. Have you built any in the last seven years.

Mr. GAUNTLETT. I do not know about the last seven years. I think the last ships we built for the foreign trade—not exclusively for the foreign trade, either—were the Pacific Mail boats. They are not exclusively for the foreign trade.

Mr. HUMPHREY. As a matter of fact, for the last seven years there has not been a vessel built in the United States for the foreign trade except those vessels that were compelled to be built in American yards in order to get certain privileges, has there?

Mr. GAUNTLETT. I think you are right.

Mr. HUMPHREY. The *Minnesota* was the last one, was it not, that was built without any conditions attached to it? And that has been about eight years ago?

Mr. GAUNTLETT. Something like that.

Mr. HARDY. Do you mean that that vessel was built exclusively for the foreign trade, without any subsidy or condition or anything of the kind?

Mr. HUMPHREY. Yes; the *Minnesota*.

Mr. PENDLETON. And the *Dakota*.

Mr. HUMPHREY. Yes; there were two built at the same time. The *Dakota* was lost. You do not contend that if these vessels are per-

mitted to run exclusively in the foreign trade it would prohibit you from building any ships, do you?

Mr. GAUNTLETT. I do not suppose it will; but there is not any guarantee that this legislation is going to stop here.

Mr. HUMPHREY. In other words, you have no objection to the bill, or you can not see that it will do any harm as the bill is, if the committee strikes out that clause about the canal; but your objection is that we might do something hereafter that we should not do?

Mr. GAUNTLETT. I do not know that I could say that you should not do it.

Mr. HUMPHREY. Something that you think we should not do, as far as the shipping is concerned?

Mr. GAUNTLETT. Exactly.

Mr. HARDY. In order to get it in the record, I should like to ask if those vessels (the *Dakota* and *Minnesota*) were not built by Mr. Hill under peculiar circumstances, probably because his railroad connection enabled him to make them pay?

Mr. HUMPHREY. No; that did not have anything to do with the building of the ships.

Mr. GAUNTLETT. They never did pay.

Mr. HUMPHREY. He could build whatever he wanted to. He tried an experiment that cost him about a million dollars.

Mr. HARDY. Then he quit?

Mr. HUMPHREY. Yes; he quit.

Mr. HARDY. Are those ships still flying the American flag?

Mr. GAUNTLETT. One of them is lost.

Mr. HUMPHREY. The one that is running is flying the American flag?

Mr. GAUNTLETT. Yes; the one that is running is still flying the American flag.

Mr. HUMPHREY. It is the only one in the foreign trade that is flying the American flag.

Mr. HARDY. Which one was lost?

Mr. GAUNTLETT. I think the *Dakota* was lost. The *Minnesota* is still running.

Mr. HARDY. On one leg, or two?

Mr. GAUNTLETT. She is running all right.

The CHAIRMAN. Are there any other questions to ask Mr. Gauntlett?

Mr. BARCHFELD. You are building some vessels now strictly for the Honolulu trade, are you not?

Mr. GAUNTLETT. Yes, sir.

Mr. HUMPHREY. That is, between San Francisco——

Mr. BARCHFELD. Between San Francisco and Hawaii?

Mr. GAUNTLETT. Yes, sir.

Mr. BARCHFELD. I hope you will hurry and get them around there.

Mr. GAUNTLETT. We are also building some for the Porto Rico Line.

Mr. GOULDEN. How many are you building for the Hawaiian trade?

Mr. GAUNTLETT. I think we are building one.

Mr. BARCHFELD. You finished one last year?

Mr. GAUNTLETT. We finished one last year, and I think there is another one building now; but I am not positive of that. I have not been down to the yard since last June. I have been abroad, and am not very familiar with things at the yard.

Mr. HARDY. Is that classed as coastwise?

Mr. GAUNTLETT. Yes, sir.

The CHAIRMAN. Are there any other questions to be asked?

Mr. ALEXANDER. Was it for the Pacific Mail Co. that you built that ship?

Mr. GAUNTLETT. No, sir; the San Francisco and Hawaii Line, I think.

Mr. ELLIS. If everybody else is through, I should like to say some other things.

The CHAIRMAN. Is there anyone else that desires to be heard?

(There was no response.)

FURTHER STATEMENT OF MR. CRAWFORD H. ELLIS.

Mr. ELLIS. I shall not detain you very long, gentlemen. I did not come up here with an array of counsel or anything of the kind, and I am certainly very much surprised to meet so much opposition to a bill in which there is absolutely nothing for us. Here is a company with 17 fine ships that is willing to pay some premium to put them under the flag for general conditions. I did not know anything about or contemplate anything in connection with any Canal Zone ports, or with any idea of going through the canal and exempting our ships from dues. The first I heard of that was here this morning. That was farthest from our minds.

With regard to the general remarks that have been made about these ships not being suitable for Army transports, the gentleman certainly has not seen them. They are very well adapted for Army transports. They are ships very much on the order of the *Dixie*, which was bought from the Southern Pacific Co. during the Spanish-American War, only they are very much better.

Those were considered to be the best ships that the United States Government got at that time and used in the transport service. As for their carrying capacity, they are capable of carrying any class of tonnage; they were built for that purpose. We can load a locomotive right down the main hatch, sir, both forward and aft, if we want to, and the ship's winches are capable of lifting 30 tons at a time. So in that particular they are well adapted, and they were constructed for general cargo purposes as well as for carrying passengers. Not only that. If our fleet is lying down here in the West Indies and wants refrigerated stuff, such as meats or vegetables, these ships are capable of carrying it without the expenditure of one dollar.

I am not surprised at the objection raised here to-day by the ship-building industry, although I did not expect to see it come so strongly, because how in the world a bill like this can hurt them I do not see. They are not getting anything from us to-day, and under this bill they will get an opportunity to reclass 17 ships, when they are reclassified during the next five years, which they are not getting now and will not get if these ships continue under the British flag, which they will do unless some legislation of this kind is carried out.

As for this bill being called special legislation, we have no desire to choke off anyone else. It will be perfectly agreeable on us to tack on a proviso giving any other American citizen or any other American

corporation the right to put their ships under the American flag under exactly the identical conditions that we have there.

It seems to me this is a great opportunity for the Members of Congress to do something to start toward the restoration of the American merchant marine, which they never will accomplish, in my judgment, in any other way. No subsidy that we can give will be great enough to offset the difference in the cost of building ships in this country and abroad for our foreign commerce. The shipbuilding establishments of the United States have a monopoly of the coastwise business; they have a monopoly of the Great Lakes trade. If, with that advantage, they can not build some ships for the foreign trade at near the cost of foreign-built ships, they never will do it, and it is useless to argue that question with them.

Mr. HUMPHREY. Mr. Ellis, I want to ask you this question right there: Have you any objection to this clause in regard to the Canal Zone being stricken out?

Mr. ELLIS. Absolutely none, sir. As long as they seem to see such a bugaboo in it, I am perfectly willing to strike out that entire clause. I did not come here with any idea or with any contemplation of getting any immunity from charges for passing through the Panama Canal. We expect our ships to pay the same tolls for passing through the Panama Canal as if they were British ships, because they are naturalized American ships and not American-built ships.

Mr. CLARK. How long have you been in the shipping business?

Mr. ELLIS. I have been in the shipping business for 17 years.

Mr. CLARK. Let me ask you this question right there: I want to get it a little more clearly than you stated a moment ago. The American shipyards have a monopoly, you say, in the construction of ships for the coastwise trade and the Great Lakes. With that monopoly do you not think they ought to be able to construct a few ships for the foreign trade in competition with foreign shipyards?

Mr. ELLIS. I do not believe they will, sir.

Mr. CLARK. You do not?

Mr. ELLIS. I do not think they can.

Mr. HARDY. As I understand you, you are perfectly willing to strike out the Canal Zone, and you are perfectly willing to extend this bill so as to permit any ship under similar circumstances to have the same privileges that yours have?

Mr. ELLIS. Entirely, sir. We do not want any special legislation whatever. We have no desire to have it; we did not come here for that purpose; we did not come here for the purpose of asking anybody to put any "joker" in any bill by which we would profit in the near future or by which we would get the advantage of some bill that may be enacted by Congress relative to ships passing through the Panama Canal.

Mr. HUMPHREY. I want to say that you need not feel that there is any reflection upon you in asking for a special bill, because that is the way it has been done. That is the way the vessel of the Porto Rico Line, that was referred to here, and two other American vessels were put under the American flag. There is nothing unusual about it. Giving American registry to a certain class of vessel, when you know what it is, is a very different thing from opening up a general bill. I am not saying that the policy is not right to open up and let every-

body come in; but when you know the character of a vessel, and know it is first class, it is a different thing from saying they can come in with any kind of a vessel.

Mr. ELLIS. As to this being any entering wedge to destroy the general policy of our Government with regard to the coastwise business, that is nonsensical. Why has not Great Britain done it? Great Britain has a fleet of ships built to-day for her foreign service, and she has a law governing her foreign-built ships engaged in the coastwise business. Why have they not done it? What is the use of people here in Washington, if they are going to protect the American coastwise traffic and give it to American-built ships, thinking this is going to be an entering wedge to destroy that policy? Nobody is going to ask them to do it. I, for one, will not do it.

Here is the opportunity to create a nucleus for the restoration of the American merchant marine. You will have 17 brand-new ships (with the exception of one which was rebuilt in 1909 and is practically a new vessel); and you will then have something to sail on the high seas, and increase your foreign commerce in American bottoms 100 per cent right away. You will double it; you will raise it from 9 per cent to 20 per cent. That is the total amount of American commerce carried in American bottoms to-day—a little less than 9 per cent.

Mr. HUMPHREY. Would it cost you more to operate under the American flag than under the British flag?

Mr. ELLIS. It is going to cost us a lot more. We figured that out very carefully.

Mr. HUMPHREY. Will you make any more money?

Mr. ELLIS. Absolutely not. We can continue to run under these flags. They are now under the British flag, and we can put them under the Panamaian flag, but we do not want to.

Mr. POWELL. The fact is, then, that this is entirely a patriotic move?

Mr. ELLIS. No, sir; that is not a fact, sir. I wish you had been here this morning when I explained that.

Mr. GAUNTLETT. Is the steamship *Ellis* among those?

Mr. ELLIS. No; the steamship *Ellis* is not among the fleet.

Mr. HARDY. Business comes first and patriotism afterwards with investors, as a general thing.

Mr. GAUNTLETT. Are they of the same class as the *Ellis*?

Mr. ELLIS. They are twice as large as the *Ellis*. The *Ellis* was an old vessel.

The CHAIRMAN. I should like to say that until my attention was called to the bill by Mr. Humphrey last Thursday, I had not seen it. The parties interested here have simply asked for a postponement in order to have time to consider it. There is no reason in the world, Mr. Humphrey, if you desired, why you should not have brought in this bill earlier, and had a long, patient hearing on it. But you did not. It was just put in on the 18th day of January. That is the date it was introduced. Possibly it may be advisable to pass on it at once; but gentlemen have been here who have large amounts interested, who desire more time to consider it. They may agree on it. There is no reason why they should not have some time.

That is the only suggestion that has been made here—that the parties interested want more time to consider the bill. They did

not know anything about it until they came here to-day. Some of them stated they did not know anything about it until last Friday, when they heard the bill was coming up. We granted this hearing upon the request of Mr. Humphrey, which I think is right and proper. It is proper for any member of the committee to ask for the consideration of a bill.

The CHAIRMAN. Are you through, Mr. Ellis?

Mr. ELLIS. Yes, sir; except that I should like to add that in case you do give a hearing to the gentlemen I would thank you to try and not make it later than next Monday. I live a good way off, and I should like to get home some time next week.

Mr. GOULDEN. Where do you live?

Mr. ELLIS. In New Orleans.

(The committee thereupon went into executive session, after which it adjourned.)

80414-11-5

AMERICAN REGISTERS FOR CERTAIN STEAMERS.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,
Tuesday, February 7, 1911.

The committee met at 10.30 o'clock a. m., Hon. William S. Greene, chairman, presiding.

The CHAIRMAN. The committee will be in order. We will continue the hearing on the bill H. R. 31689, introduced by Mr. Humphrey, of Washington.

I have a letter which I will read and put in the hearings, and then we will hear the gentlemen present here this morning in opposition to this bill.

This letter is from Mr. Alexander R. Smith. It is as follows:

126 STATE STREET,
Albany, N. Y., February 4, 1911.

HON. WILLIAM S. GREENE,
*Chairman Merchant Marine and Fisheries Committee,
House of Representatives, Washington, D. C.*

MY DEAR MR. GREENE: I see by the newspapers that a free ship bill has been introduced by Mr. Humphrey, and as an American citizen utterly opposed to free ships or free trade I wish to enter my solemn protest against this bill, and I ask that this protest be made a part of the proceedings of your committee at its next public hearing on this subject.

The bill in question, as I understand its provisions, is vicious in principle, in that it admits 17 ships, a certain number of ships belonging to a single company, to American registry. If it is good to admit 17, why not 1,700? Why should the ships of the American Fruit Co. alone be picked out to enjoy the benefits of out flag? If it be said that no other foreign-built American-owned ships are now seeking American registry but these ships of the American Fruit Co., is it not possible that to-morrow the owners of other ships may seek such privilege? And if they do, are they not as much entitled to it as is the American Fruit Co.?

If the policy of free ships is good in the case of a few, why is it not better in the case of many foreign-built American-owned ships? Why should one fleet of vessels be discriminated against in favor of another?

And if free trade in ships is good, why not in everything else? Why should the policy of free trade be confined merely and only to ships in our foreign trade? Why not let in iron and steel, manufactures of all kinds, foods of all kinds, sugar, rice, raw wool, and manufactured woollens? Why not pick out the farmers and subject their products to free-trade competition with foreign products? Why not pick out the manufacturers of all other things as well as ships, and subject their products to free trade competition with foreign products of the same kind? Why should our shipbuilders be picked out as a single class to whom protection should be denied, when it is given to every other American whose product comes into competition with foreign products?

If the American Fruit Co. desires to Americanize its ships, why not put them to the test by admitting them to registry on condition that all ships that they add to their company hereafter be built in American shipyards, and clinch this requirement by a sound and safe bond that will force them to keep the faith? This country might be willing to go through the travail of a free-ship period if for every ship so admitted a binding requirement were imposed that such ships as are hereafter required shall be built in the United States.

There is no advantage in bringing these ships under our flag. They will not increase our trade abroad. They will not leave their present trade if not admitted to American register. Everything remains the same, if the ships are admitted, except, and the exception is vital, that we then serve notice on American shipbuilders that there is no

hope of their product ever receiving the same protection that we grant to the product of every other American that is subject to foreign competition.

The placing of our flag over foreign ships in order to thus show an increase (?) in the carriage of our foreign commerce in American ships is a cheat, a lie, a deceit, it is nothing but a brazen hypocrisy. We do not now deny to foreign ships under foreign flags any rights in engaging in our foreign trade that we give to our own ships. If our foreign commerce is to be carried in foreign ships, let it be under foreign flags as well, so that there shall be no deceit, no hypocrisy. And, when the time comes that we shall again protect our ships in foreign trade, like we now protect everything else, then let the flag that flies over them proclaim their nationality honestly and without deceit. We impose no hardships to-day on foreign-built ships that, although owned by Americans, are under foreign flags. Probably a million and a half tons of these are so owned. This company alone is asking for the grant of American registry to its ships; none of the rest ask it; but if it is fair to grant it to one line, one fleet, it is fair to grant it to all, whether all ask for it or not.

If there is no binding promise accompanying this demand for American registry for foreign-built ships that it will lead to the building of ships in our shipyards for our foreign trade it should be refused absolutely, and finally.

For 120 years we have been asked to admit foreign-built ships to American registry and for 120 years we have refused to do it. Why should we change now? What can we gain by it, except to be able to proclaim a lie under our flag? Is that reason enough? Have we come to that? Whom shall we thus deceive? No one but our own unthinking, indifferent people. To the rest of the world we shall present the same dignified spectacle that a hunted ostrich does when she hides her head in the sand.

American registry does not need to be bolstered up by lies, by deceit, by hypocrisy. If it can not make head because protection is denied it, shall we attempt to conceal the fact by giving free trade full sway in order to fictitiously and falsely increase it? I hope not.

I ask you, when this plausible plea has been presented to your committee in the past, that this admission to American registry is sought for the foreign trade only, what has been the result? Have you not been told, over and over again, that it has been found to be insufficient? Have you not been told that ships thus restricted are unable to make any money for their owners? Have you not been begged to allow them at last, in our coastwise trade, to save their owners from ruin? Have you not been told that once under the American flag there is no other place for them to go, that it means ruin unless they get all of the privileges that an American-built ship is entitled to?

I wish to say that I have always believed, and many times said, that so soon as the opponents of American shipping believed they had succeeded in stifling any hope of protection for our shipping in foreign trade, that moment they would begin a campaign to destroy the protection enjoyed by our shipping in the coastwise and domestic trade. Our opponents are busy. Here is the first gun of their campaign. Be sure others are in the rear, ready to be marched up when the proper time comes. Let in these ships and you will have established a precedent that will always rise up to embarrass you, that will forever menace the destruction, utterly, of American shipbuilding. This, in my judgment, is an insidious attempt, the first insidious attempt, to destroy the protection enjoyed by our vessels in the coastwise trade. I most earnestly beg of you not to permit it; I beg of you to resolutely refuse it.

So long as protection is our fixed national policy, I beg of you and your colleagues on your committee not to make the first move toward the establishment of the policy of free trade. There is a ceaseless warfare going on between the advocates and the opponents of protection. The granting of this registry to the ships of the American Fruit Co. would be a victory for free trade. It would be a dangerous and embarrassing precedent. I beg of you not to establish it. I urge you to refuse to establish it.

If free trade is to come upon this country, let us wait until it comes all along the line, falling upon everyone alike, the farmers, the manufacturers, the shipbuilders, all, at one and the same time.

We have protected our shipping in domestic trade against foreign competition for 120 years, and it has grown and flourished. I ask you not to begin the digging of its grave, through the admission of these foreign-built American(?) -owned ships, at this or at any other time.

This Nation has never yielded to the British free-ship policy; we have withstood all of its blandishments. Let us continue to do so. If we make any move at all, let it be in the direction of protecting our own ships in foreign trade—the only thing that is necessary to create a demand for them that would fill and keep filled for years every shipyard in the United States.

I have the honor to remain, respectfully, yours,

ALEXANDER R. SMITH.

Mr. SWASEY. Who is Mr. Smith?

The CHAIRMAN. He is a gentleman who has been interested in American shipping ever since I have known him. He formerly was shipping commissioner in New York, and is now secretary of the Barge Canal Terminal Commission of New York.

A BYSTANDER. He used to be secretary of the New York Maritime Exchange.

Mr. GOULDEN. It takes him a long time to say what he wants to say. Allow me to express my views in just one particular, and that is if another application comes in, of a like character to this one from the United Fruit Co., I would consider it with a great deal of favor. That is in reply to Mr. Smith, who is one of my constituents, a gentleman who threatened that I should not come back to Congress some years ago, because of the course I had pursued in Congress—and I might remark that my majority was larger when Brother Smith came out and attempted to show my record on this committee, larger by about five thousand, than it had been before.

The CHAIRMAN. I also have here a letter from the Munson Steamship Line which I will read for the record:

MUNSON STEAMSHIP LINE,
Washington, D. C., February 7, 1911.

Hon. W. S. GREENE,

Chairman House Committee Merchant Marine and Fisheries,
Washington, D. C.

SIR: Referring to the bill pending before your committee to register a number of the vessels of the United Fruit Co., I beg to submit below the names, class, tonnage, etc., of vessels belonging to the Munson Steamship Line which we would be very glad to have registered under the same conditions as may be accorded the United Fruit Co.

These steamers now fly the Cuban flag, but the money invested in them is American capital, just as much so as in the case of the United Fruit Co. Our judgment is that the time has not yet arrived when this country should adopt a free-ship bill, but if the United Fruit Co. or any other concern is given this advantage we feel that we are entitled to the same consideration.

Vessels.	Class.	D. W.	Speed.
		<i>Tons.</i>	<i>Knots.</i>
Curityba.....	Freight and passengers.....	3,000	11
Olinda.....	do.....	3,000	11
Mobila.....	do.....	2,500	12
Paloma.....	Freight.....	3,100	11
Cubana.....	do.....	3,100	10

Respectfully, yours,

S. C. NEALE, Counsel.

Mr. SWASEY. How many vessels?

The CHAIRMAN. Five vessels.

Mr. SWASEY. What company is that?

The CHAIRMAN. The Munson Steamship Line.

Mr. DUFF. Mr. Joseph R. Foard, of Baltimore, is here, and would like to say a few words to the committee. In the last hearing of the committee I said, among other things, that I thought the particular feature of this bill which was of interest to the United Fruit Co. was that which related to giving them certain benefits in relation to the Panama Canal Zone, and Mr. Foard being in a sense in competition with the United Fruit Co., as you might say, and the carriage of fruit to the Isthmus, is very familiar with the trade, and I think could give

the committee some interesting information as to what benefits such a bill would be to the United Fruit Co. steamers, as well as the Munson Line.

Mr. SWASEY. I understand, by motion of the gentleman from New York, Mr. Goulden, that this hearing was to commence to-day, and to continue until we came to a vote. That being the case I hardly think it is fair to those appearing before the committee in opposition to this proposition or those in favor of it, either, that we should proceed with only four or five members of the committee present. I think we should have a full committee, because this is of more than ordinary importance.

Mr. GOULDEN. I hope Mr. Swasey will not raise the question of no quorum, as doubtless a number of other members will soon come in. It is just 10.30 now.

Mr. SWASEY. I am not raising the question of no quorum, but I do call attention to the fact that there are only five members of the committee present. Not that I wish to adjourn, but this matter is regarded as of a good deal of importance by all those interested, and for that reason I think that to vote intelligently and understandingly pro and con the members of the committee should be here.

Mr. GOULDEN. But you can not compel them to be here. The hearings, of course, will all be printed. There are gentlemen present who have been invited to be here and I think they ought to be heard.

The CHAIRMAN. If there is no objection we will proceed with the hearing.

STATEMENT OF MR. JOSEPH R. FOARD, OF BALTIMORE.

Mr. FOARD. Mr. Chairman and gentlemen, I am here to object to a paragraph of this bill:

But shall not be excluded from that—

Meaning trade—

between this country and the ports of the Panama Canal Zone.

I wish to object to that in particular and to the bill entirely.

As agents for the Munson Line my firm has been operating a line of steamers from Baltimore to Colon for about three years. We dispatch one steamer a month. We will presently be dispatching a steamer every two weeks, because we have a contract for the carriage of all of the material for the lock gates, approximating 65,000 tons, to be delivered over two years.

We are operating foreign steamers; some of them British and some of them Norwegian. The trade is being conducted from other ports by the United Fruit Co., from New York and from New Orleans. There is also the Government line from New York. When there was before this Congress and before the last Congress, earlier in its life, a measure providing for the exclusion of all foreign tonnage from participation in the carriage of goods to the Canal, Mr. Ellis was here with me objecting. We wished to retain the opportunity of sending his foreign steamers to Colon. I anticipate that if such a measure appears in the next Congress, if this bill shall by any chance have become a law, then Mr. Ellis will be very foolish if he is here opposing such a measure again, because he will have acquired through this little paragraph of this bill a contractual right—I believe that

is the word I should use—to do that business alongside any other American vessel that might be given the exclusive privilege.

There can be no other possible object in asking for such a right than the remotest possibility of being able to make a route through the canal to do coastwise business with those ships in the future. This company has the same privilege to-day under its foreign flag that it would have when it gets under the American flag of doing that trade, unless it may be restricted.

I therefore feel that I can not protest too strongly or too vigorously the granting of a privilege which may perhaps be so used in the future.

Mr. GOULDEN. I understood, in a letter from your company, that if this bill passed your company would also make application to have your five steamers put under the American flag.

Mr. FOARD. Mr. Munson so informed me yesterday.

Mr. GOULDEN. Will you tell the committee the names of your steamers, and their age?

Mr. FOARD. Unfortunately I am unable to give you that information. That came from the New York office. They are British steamers, and operate from New York to Cuba.

Mr. GOULDEN. Are they old or new vessels?

Mr. FOARD. I really can not tell about their age. Mr. Duff can perhaps inform you in regard to that. We operate the Baltimore end and have nothing to do with the New York end of it.

Mr. ALEXANDER. It is an American corporation?

Mr. FOARD. Absolutely.

Mr. ALEXANDER. And the stock is owned by American citizens?

Mr. FOARD. I believe so.

Mr. ALEXANDER. Entirely?

Mr. FOARD. I think so.

Mr. GOULDEN. We have here the names of the foreign steamers. It gives the tonnage and their speed, but does not give their age.

Mr. FOARD. I do not think they are very old.

Now, with regard to the bill in general, I ask what possible reason or reasons can there be for singling out any line for this privilege? The Munson Line has a large share of the trade from the West Indies to New York, and also between Baltimore and New Orleans and the West Indies. They are the people who are doing the same business. The Munson Line is operating, I think, something like 50 or 60 steamers under foreign flags.

The Earn Line steamships of Philadelphia have a contract this year for the carriage of coal to the Panama Canal. They operate something like 20 or 30 vessels.

Mr. GOULDEN. Are they connected with you?

Mr. FOARD. In no way. I happen to be their agent at Baltimore, as well as agent for the Munson Line.

Mr. GOULDEN. Do you operate any steamers from New York?

Mr. FOARD. Yes; the Munson Line does.

Mr. GOULDEN. Where to?

Mr. FOARD. To Cuba and Tampico. I ask why should this company be picked out for this favor and others excluded.

Mr. GOULDEN. May it not be that they are the only ones that have made an application? Have you made an application?

Mr. FOARD. No. The Munson Line has not thought that the conditions were ripe for such an application. I can understand the

opponents of free ships opposing this measure; it is logical for them to do so. I can understand those gentlemen who favor free ships favoring a general free ship bill. But I can not understand why they are favoring a special ship bill of this sort, which is only to allow the introduction of the ships of one single company.

Mr. ALEXANDER. In the event that these words, "but shall not be excluded from that between this country and the ports of the Panama Canal Zone," were stricken out of this bill, and it should pass in the amended form would your company still want to bring its ships under the American flag?

Mr. FOARD. I think it is quite possible that they would. I can not speak for their policy. Mr. Munson is president of the company. But I think it is highly probably that they would, because I think that they would probably find there are some points where they are brought in competition, where this right to the United Fruit Co. would be something which they would not want them to have.

Mr. HARDY. In other words, if that same right were extended to any companies that wanted to avail themselves of it, that there would be no objection?

Mr. FOARD. Certainly not on the part of the advocates of free ships.

Mr. HARDY. I mean on your part.

Mr. FOARD. Certainly not, sir.

I thank you, Mr. Chairman and gentlemen of the committee.

Mr. BROWN. Mr. Chairman, may I be permitted a word? I am Mr. Brown, of the firm of Britton & Gray.

The CHAIRMAN. Are you opposed to the bill?

Mr. BROWN. I am in favor of the bill?

The CHAIRMAN. We are hearing those opposed to the bill.

Mr. BROWN. Oh, well; I beg your pardon.

STATEMENT OF CAPT. J. G. CROWLEY, GENERAL MANAGER OF THE COASTWISE TRANSPORTATION CO.

Mr. GOULDEN. Where are your headquarters, Capt. Crowley?

Mr. CROWLEY. In Boston. This company was organized under the laws of the State of New Jersey in 1903, for sailing vessels. We now have sailing vessels amounting to a tonnage of 32,700. In March, 1910, we entered into a new policy by building two new steamers for the coastwise carrying trade—built by the New York Shipbuilding Co., Camden, N. J. We now have under contract with them another steamer, to carry 7,300 tons. Also plans are out for another one of the same dimensions.

I came here to-day to oppose this—

The CHAIRMAN. Are they used in the coastwise trade?

Mr. CROWLEY. In the coastwise trade; yes, sir. This is one of our steamers [exhibiting a photograph]. This was built especially for the coastwise coal-carrying trade.

Mr. GOULDEN. Why are you opposed to this bill if it does not affect your trade at all?

Mr. CROWLEY. Because it will affect our trade, if they come under the American flag.

Mr. GOULDEN. They are not allowed to enter into coastwise trade at all.

Mr. CROWLEY. But they enter into the Panama trade.

Mr. GOULDEN. They are there now.

Mr. CROWLEY. Yes, but if they come under the American flag they have all the privileges in the Panama trade.

Mr. GOULDEN. Do they not now?

Mr. CROWLEY. They will not if the Panama Canal is completed and you make a rebate to vessels flying the American flag.

Mr. GOULDEN. That is some distance ahead.

Mr. CROWLEY. We have to look ahead.

Mr. GOULDEN. I do not believe in crossing a bridge until we come to it.

Mr. SWASEY. How many vessels have you altogether now—sailing and steam vessels?

Mr. CROWLEY. Eleven now and one steamer building. We have vessels that carry from 1,100 to 6,000 tons—sailing vessels.

Mr. HARDY. Will it not be time for you to fight those privileges when those privileges are proposed to be conferred, instead of fighting them now, five years ahead of time?

Mr. CROWLEY. If they should come in now, I do not see that we would be fighting them five years ahead of time.

Mr. HARDY. It seems to me you are fighting something that you anticipate will happen five years from now. You admit that there are no privileges that they get in regard to the Panama trade now, under the American flag, that they would not get under the American flag.

Mr. CROWLEY. If these vessels are put under the American flag would it not prevent them coming in the coastwise trade in the future?

Mr. HARDY. There is nothing to prevent them from coming in the coastwise trade now except our legislation, which prevents foreign vessels from engaging in it. This legislation does not propose to admit them into the coastwise trade.

Mr. ALEXANDER. And especially excludes them. It says:

Provided, That the said steamships shall not engage in the coastwise trade of the United States.

The CHAIRMAN. I am perhaps the oldest member in point of experience on this committee, unless it be Capt. Spight—it may be that we came upon the committee at the same time. I will state we granted some vessels special register that had been repaired in American shipyards during my experience on the committee with the stipulation in the bill that they should not enter into coastwise trade. They were only in the trade a short time before they came here and wanted full American registry, because they found after they were given the first concession that they did not obtain the privileges that they hoped to obtain and they were very much handicapped, and therefore they wanted full American registry, so that they could have all rights of American-built ships. They wanted full American registry.

Mr. GOULDEN. And they never got it—

The CHAIRMAN. I beg your pardon.

Mr. GOULDEN. Not during my eight years' experience on this committee.

The CHAIRMAN. No, perhaps not during the last eight years; but, as I said, I am perhaps older in experience on the committee, and that was done more than eight years ago. It was found to be a

very serious mistake, and consequently this committee voted to take from the Commissioner of Navigation the authority to determine that matter, and it was brought to the committee, and finally the committee decided to abandon the whole matter of taking these foreign wrecks in and repairing them. We were on record unanimously on that. But in regard to this question of stipulating in the bill that they shall not enter the coastwise trade, if they get their registry they will be after full privileges of American registry, all the privileges that American registry will give, there is no question about that.

Mr. HARDY. When they come after it, it seems to me is the time to meet that proposition.

The CHAIRMAN. There is a difference of opinion about that. If I am going after a man and want to hit him, I will hit him when I have a chance to do so.

Mr. SWASEY. I would like to ask the speaker a question. Since we shut the door for American registry to foreign ships how many vessels do you know of, yours and others in the trade, have been built since you were aware that it was the policy of Congress to exclude all foreign vessels?

Mr. CROWLEY. In the coastwise carrying trade we have built these two steamers and have contracted for another, and have, as I say, planned for another. That has been since the door was closed. I represent also, I forgot to say, the New England Coal & Coke Co., which company has three steamers, and they have been built, just about the time——

The CHAIRMAN. How many in all in your control, or in your personal line of vision have been built since we shut the door for American registry to foreign-built vessels?

Mr. CROWLEY. The two we have and one we are building.

The CHAIRMAN. And any other company?

Mr. CROWLEY. Yes——

Capt. RANDLE. I can answer that question if you will permit me. We have built in our yard in Camden since that measure became a law 114,476 tons of shipping.

The CHAIRMAN. I would like to ask you this question, Captain: When there was an opportunity of buying foreign wrecks and getting them under the American flag, was it not quite a common practice among the shipowners to buy them?

Mr. CROWLEY. Yes, sir.

The CHAIRMAN. And do you know anything about the conditions that caused Congress to take action in opposition to that, and whether or not it was the fact that instead of men spending 75 per cent of the value of the ship in repairs there was found to be a large amount of fraud in the returns made, and whether that did not influence Congress to discontinue that practice?

Mr. CROWLEY. Yes, sir. I know a foreign ship was bought at a very low figure, and it was very easy to put 75 per cent of its value in there and get it under the American flag.

Mr. HARDY. Was it not something that was urged by the shipbuilders who wanted a monopoly—didn't they fight for that change?

Mr. ALEXANDER. I know I favored it, and I am sure I wanted free ships. I want a square deal, too. I was the one that made the original motion in this committee.

The CHAIRMAN. I do not know of any American shipbuilder that came here and urged us to take that action, nor have I during my 12 years in Congress known of American shipbuilders or ship-owners to come here to try to influence this committee in any improper way.

Mr. HARDY. Well, I have seen the parties here every time—those who are interested.

The CHAIRMAN. They are American citizens.

Mr. HARDY. Yes; I am not criticizing them for appearing here.

The CHAIRMAN. If they used undue influence—

Mr. HARDY. Nobody said anything about undue influence.

The CHAIRMAN. But I understand the point very well.

Mr. HARDY. The point is simply this: The people that are interested in shipping and shipowning are here every time and have a right to be here to oppose anything against their interests, and I wanted to know if this change in legislation was not largely brought about at their instigation.

The CHAIRMAN. I will answer distinctly, no.

Mr. CLARK. No; it was purely a matter with the committee.

Mr. ALEXANDER. It was alleged that these ships were purposely wrecked—for instance, a few plates slipped—and then brought in and a large sum charged for salvage, and that 75 per cent was not expended in good faith in repairs, as contemplated by law. It was claimed that there was favoritism and fraud.

Mr. HARDY. I agree with you there.

Mr. ALEXANDER. And in the interest of American shipping and the square deal as between those who buy ships in American yards and those who sought to bring them in this way, the committee determined on a consistent policy.

Mr. HARDY. Somebody had to prove those facts.

Mr. ALEXANDER. They were abundantly proved.

Mr. HARDY. Who proved them?

Mr. ALEXANDER. The people who were opposed to that practice.

Mr. HARDY. Interested on the other side?

Mr. ALEXANDER. Yes, and I think they proved it, too.

Mr. HARDY. I agree with you that if fraud was perpetrated, whether it was for a righteous end or an unrighteous end, it ought to be stopped.

Mr. ALEXANDER. It is manifest to my mind.

Mr. SWASEY. I offer this suggestion. You say that we are in danger of something that may transpire hereafter. We all feel that way—we fellows that are weeded out. But here is the thing that is presented to us in an act I introduced in the Congress of the United States and you can not exclude any ships that are admitted to American registry if this should become a law. This provides that, as respects such vessels, all tolls and transit charges shall be paid out of the Treasury. That bill is already pending. Now, you are proposing to exclude foreign-built ships that are flying the American flag from the benefit of that, which is the general sentiment of Congress to-day.

Mr. CROWLEY. I would like to say that for 44 years I have been looking ahead to this. I started to sea when I was 11 years old. Forty-four years, the first day of this coming March, I started in a little vessel that carried a hundred tons. The first vessel I built carried 1,100 tons. They thought it was a monster. I have built larger and

larger vessels as time has gone on until I finally built the schooner *Lawson*. We have been progressing all the time.

Mr. HARDY. Do you mean for the foreign trade?

Mr. CROWLEY. Any trade.

Mr. HARDY. Have you not year after year built fewer vessels for the foreign trade?

Mr. CROWLEY. Yes; fewer.

Mr. HARDY. So that if that policy is continued you will build ultimately none for the foreign trade?

Mr. CROWLEY. We are going in now building steamers.

Mr. HARDY. Why is it you are starting now to build steamers when for the last ten years you have not built any?

Mr. CROWLEY. We are progressing.

Mr. HARDY. There has been no change in the law, has there?

Mr. CROWLEY. No. I have never built a ship practically, for the foreign trade. Our sailing vessels are built for any trade—foreign trade or coastwise trade.

Mr. ALEXANDER. I would suggest that the gentleman first be allowed to state his objections to the bill.

Mr. HARDY. I am not disposed to stop him.

Mr. CROWLEY. I object to the bill because I think it comes into competition with these boats we are building to-day and have already built. These boats are built for coastwise service. They are good for foreign service or for Panama service. They are good for service as colliers of the United States Government; they could be used as colliers to-morrow if the Government should want them. You see, those ships have ten hatches, and their cargoes can be quickly discharged [exhibiting photograph].

Mr. HARDY. One of the things that we want is to have vessels that can be used as colliers by our Navy in time of war. Are your ships fitted to be colliers?

Mr. CROWLEY. Yes; these are colliers.

Mr. HARDY. The Government would have to get colliers in case of war.

Mr. CROWLEY. Yes.

Mr. HARDY. So if they did not have cross-seas ships for the purpose they would have your ships.

Mr. CROWLEY. Yes.

Mr. HARDY. Then the Navy is not entirely without some chance of getting colliers.

Mr. CROWLEY. Some chance, but we only have a few.

Mr. HARDY. Would these big vessels that are suitable for colliers pay in your trade?

Mr. CROWLEY. Yes; they are getting profitable.

Mr. SWASEY. How many are there in all that you know of?

Mr. CROWLEY. The New England Coal & Coke Co. has three; we have two, and one building; and there are four or five more that are on the coast.

Mr. GOULDEN. What is the speed of your vessels?

Mr. CROWLEY. About 10½ to 11 knots loaded and about 12 light and in ballast.

The CHAIRMAN. Are they suitable for carrying fruits?

Mr. CROWLEY. They could be made so.

The CHAIRMAN. They are not suitable now?

Mr. CROWLEY. No, sir.

Mr. SWASEY. What is the difference in construction between those and these vessels that are sought to be put under the American flag?

Mr. CROWLEY. They are made more especially for colliers and general cargo. The fruit ships, I understand, have refrigerator plants on them, and they are built for cargo and passengers both.

Mr. SWASEY. How many hatches have those vessels?

Mr. CROWLEY. Ten hatches, 15 by 28, so it is practically all hatches.

Mr. SWASEY. Those are made with a view to handling coal expressly?

Mr. CROWLEY. Yes; for quick loading and discharging.

Mr. SWASEY. And they are economical?

Mr. CROWLEY. And economical, and save trimming.

Mr. HARDY. As I understand you, of the character of vessels fitted for colliers, you have, with others, 10 or 11 of those vessels now or will have that many soon?

Mr. CROWLEY. Yes, sir.

Mr. HARDY. That could be used by the American Navy for colliers?

Mr. CROWLEY. Yes, sir.

Mr. SWASEY. You have more than that, haven't you?

Mr. CROWLEY. There may be. I was figuring on the large new ones. There are about 15 altogether of different sizes.

The CHAIRMAN. And they are all built in American shipyards?

Mr. CROWLEY. The *Joseph W. Fordney* was a foreign-built vessel that was wrecked and came in under the American flag, giving her special registry.

The CHAIRMAN. That was one of those cases to which I have referred.

Mr. HUMPHREY. They are in the coastwise trade?

Mr. CROWLEY. Yes.

The CHAIRMAN. Are there any other questions?

Mr. HARDY. What is the tonnage of those vessels?

Mr. CROWLEY. Fifty-one hundred gross tons.

**STATEMENT OF MR. JOSEPH H. HAYDEN, REPRESENTING
WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING CO., OF
PHILADELPHIA.**

Mr. HAYDEN. Mr. Chairman, speaking for William Cramp & Sons Ship & Engine Building Co., as well as for A. H. Bull & Co., since the last hearing on this bill, on January 30, the committee has voted to report favorably another bill introduced by Mr. Humphrey to protect American trade and American shipping from foreign monopoly. The bills provide that vessels owned or operated by anyone who has been adjudged to be a party to a combination or conspiracy in restraint of trade such as those denounced by the Sherman Act should be totally barred from access to ports of the United States; that is, should not be allowed to enter and should not be granted clearance.

Now, in that connection, it seems to me that the committee should consider the character of the United Fruit Co. as an applicant for the rather extraordinary privilege of receiving American registers for 17, or I believe it is now 18, foreign-built vessels.

I refer to the report on the United Fruit Co., in Moody's Manual of Service for 1910, pages 3075-3077.

Mr. HUMPHREY. What is Moody's Manual of Service.

Mr. HAYDEN. It is a commercial report dealing principally with industrials. It is a recognized authority.

Mr. HUMPHREY. It is a Government publication?

Mr. HAYDEN. No, sir; but it is generally received and recognized with respect to the industrials of this country.

Mr. HUMPHREY. Where is it published?

Mr. HAYDEN. That I am unable to tell you, but we can get the volume in the Library.

Mr. HUMPHREY. Is that all the information you can give about it? If it is a well-recognized authority, it seems to me you ought to be able to give a little more information about it than that. It may be authority, and I am not disputing it, but I don't know anything about it; in fact, I must say that I have never heard of it before.

Mr. HAYDEN. It is well recognized among the business men.

Mr. ALEXANDER. Is it Mooney or Moody?

Mr. HAYDEN. Moody's Manual of Service for the year 1910. It can be easily obtained in the Library and I am sure that the facts that are set out here can all of them be established if the committee deems further proof of them necessary. It is very likely that they will be admitted.

Referring to this report from Moody's Manual, we find that the company was incorporated March 30, 1899, in New Jersey, to produce, transport, and distribute tropical fruit from Central and South America and the West India Islands to the United States. The company acquired the properties and business of the Boston Fruit Co., American Fruit Co., Quaker City Fruit Co., Buckman Fruit Co., Baner Fruit Co., Dominican Fruit Co., Sama Fruit Co., Snyder Banana Co., the Colombian Land Co. (Ltd.), the Tropical Trading & Transport Co. (Ltd.), the New Orleans-Belize Royal Mail & Central American Steamship Co., and others. All these companies except the one last named possessed lands and other property in South or Central America or in the West Indies, the title to which is now vested in the United Fruit Co. Of the above-named corporations the American Fruit Co., Quaker City Fruit Co., Buckman Fruit Co., Baner Fruit Co., Dominican Fruit Co., and Sama Fruit Co., having been incorporated under the laws of New Jersey, were consolidated with the United Fruit Co. and the latter corporation is now the legal possessor thereof and the legal owner of their property, rights, and interests whatsoever. The Boston Fruit Co., the Tropical Trading & Transport Co. (Ltd.), and the Colombian Land Co. (Ltd.) have transferred all their property and assets of every kind to the United Fruit Co. None of the properties are mortgaged. Through the purchase of the New Orleans-Belize Royal Mail & Central American Steamship Co. (Ltd.) valuable steamship properties were acquired by this company.

The company owns the entire capital stock, except qualifying shares, of the Tropical Fruit Steamship Co. (Ltd.), an English corporation, which has in operation a fleet of 13 steamships, maintaining a regular service for passengers and merchandise between the West Indies, Central America, and the United States.

On May 29, 1907, the shareholders approved a proposition to purchase common stock of the Nipe Bay Co. (see appended statement),

and up to December 1, 1909, \$3,382,700 of the stock had been acquired. The company owns 166,918 acres of land in Costa Rica and 90,258 acres in Cuba, 50,000 acres in Guatemala, 29,636 acres in Jamaica, 26,085 acres in the Republic of Colombia, and 53,048 acres in the Republic of Panama, a total of 415,945 acres, of which 146,150 acres are improved and 269,795 acres unimproved. The company also leases 5,041 acres in Costa Rica and 21,971 acres in Jamaica.

The acreage of the company's fruit, sugar cane, and miscellaneous cultivations on September 30, 1909, was as follows: Bananas, 75,825 acres; oranges, 418 acres; sugar cane, 24,988 acres; cocoanuts, 3,214 acres; coco, 992 acres; rubber, 81 acres; para grass, 1,438 acres; guiana grass, 5,844 acres; natural pastures, 42,082 acres; clearings, 4,491 acres; total, 159,373 acres.

On September 30, 1909, the company also owned 524.77 miles of railroad, 217.73 miles being in Panama, 148.19 miles in Costa Rica, 97.49 miles in Cuba, and the balance in Guatemala, Jamaica, and Colombia, with an equipment of 66 locomotives and 1,922 cars; also, 17,352 head of cattle, 3,214 horses and mules, and 271 miscellaneous live stock.

Capital stock: Authorized, \$25,000,000; outstanding, \$23,474,000; par, \$100. Transfer agents, Old Colony Trust Co., Boston & Manhattan Trust Co., New York. Registrars, American Trust Co., Boston; Central Trust Co., New York. Listed on New York stock exchange. Dividends have been paid as follows: October, 1899, to April, 1901, 10 per cent per annum; July, 1901, to July, 1904, inclusive, 6 per cent per annum, with 1 per cent extra in October of 1902 and 1903; July and October, 1904, 2 per cent each; January, 1905, to 1907, inclusive, 7 per cent per annum; April, 1907, to April, 1910, inclusive, 8 per cent per annum; August 1, 1908, 10 per cent extra; payments quarterly, January 15, at Boston.

Stockholders of record, October 29, 1909, were given the right to subscribe at par for 10 per cent of new stock, payment to be made November 15, 1909. An extra cash dividend of 10 per cent was paid November 15, applicable at option of shareholders in payment of subscriptions to new stock.

Debentures: \$1,440,000. Serial, gold debenture, fives; dated July 1, 1907, due, \$150,000 annually (June 1) to June 1, 1918; interest, J. and D. 1 at company's office, Boston; original amount issued, \$1,600,000, of which \$140,000 matured June 1, 1909. The proceeds of these debentures were applied in payment of the floating debt of the Nipe Bay Co. The United Fruit Co., in turn, received \$1,600,000 6 per cent debentures of the Nipe Bay Co., a large proportion of which has been used in acquiring common stock of the latter company, subject to call after 1910 at 103.

Four million two hundred and fifty thousand dollars (entire issue), sinking fund gold debentures, four-and-a-halves; dated January 1, 1909; due July 1, 1923; interest J. and J. 1, at the City Trust Co., Boston, trustee, or at Coutts & Co., London, at \$4.86 to the pound sterling, without deduction for any taxes or assessments which the company may be required to pay. Coupon, \$500 and \$1,000; principal may be registered. Registered, \$1,000 and \$5,000 and such multiples of \$5,000 as the directors may determine. Coupon debentures may be exchanged for registered debentures, and vice versa. An annual sinking fund, payable July 1, 1914, to July 14,

1922, inclusive, will retire one-tenth of the debentures each year, and debentures may be called for for the sinking fund at 101 and interest unless purchased at or below that price. In the event of any mortgage being placed on the property to secure any of the company's obligations, these debentures shall be entitled to the benefit of the security afforded by such mortgage. Upon 90 days default on interest or sinking fund the principal may become due and payable at the option of the trustees or of the holders of a majority of the debentures. Listed on Boston stock exchange.

Seven hundred and ninety-one thousand dollars Northern Railway of Costa Rica, first gold sinking fund, fives; due September 1, 1915, but subject to call at 105; interest M. and S., at Old Colony Trust Co., Boston, trustee. Coupon, \$1,000; principal may be registered; total issue, \$1,600,000, of which \$809,000 are held in the sinking fund. Principal and interest are guaranteed by the United Fruit Co.

Mr. HUMPHREY. May I interrupt you to ask you what is the purpose of reading all this?

Mr. HAYDEN. I wish to show the character of the person who is here applying for an extraordinary privilege.

Mr. HUMPHREY. In other words, then, if you are going to have a monopoly, which you admit they already have, you want to keep it under a foreign flag; and if we are going to have any outrage perpetrated on the American people you prefer that it be perpetrated by foreigners rather than by Americans.

Mr. HAYDEN. I submit, sir, that if this combination in restraint of trade is to be continued under the foreign flag your bill, which is reported, will take ample care of it. It would not take care of it, however, if these ships were admitted to the American registry.

Mr. HUMPHREY. That is an astonishing statement and at variance with the opinion of the Attorney General. He says that there is plenty of chance to take care of ships as soon as they come under the American flag if there is any combination; that in case of combination there will be no difficulty in taking care of them, and that is one advantage in having them under the American flag.

Mr. HAYDEN. If these combinations were made in foreign countries and in reference to lands in foreign countries, I doubt very much whether the Attorney General would succeed in reaching them, even though they would really be combinations in restraint of trade and would compel our people to pay more for their fruit and more for their transportation than they should pay. For the year 1904 the total income was——

Mr. HUMPHREY. I think I shall have to object to the gentleman taking up any further time of the committee in going into these details as to the United Fruit Co., as to its earnings, and so forth.

Mr. GOULDEN. I hope Mr. Humphrey will withdraw the objection.

The CHAIRMAN. Proceed, Mr. Hayden.

Mr. HAYDEN. I have here the figures showing here the income and profit and loss account for the years 1904, 1905, and 1906, etc., down to 1909; showing the total income, the bond interest, the dividends; showing the surplus for eight years; showing the previous surplus, the extraordinary, and the balance surplus. I also have here the figures of the general balance sheet for September 30 for the years 1906, 1907, 1908, and 1909.

Income and profit and loss account, years ended September 30.

Years.	Total income.	Bond interest.	Dividends.	Surplus for year.	Previous surplus.	Extraordinary.	Balance surplus.
1904.....	\$2,120,052	\$179,702	\$967,675	\$972,675	\$2,764,815	\$579,538	\$3,157,952
1905.....	1,761,649	128,843	1,167,793	465,013	3,157,952	129,191	3,493,774
1906.....	3,900,887	114,354	1,235,745	2,550,788	3,493,774	520,629	5,523,933
1907.....	6,289,909	99,982	1,419,350	4,770,577	5,523,933	542,460	9,572,060
1908.....	4,041,091	94,746	1,584,484	2,361,861	9,752,050	2,077,461	10,036,450
1909.....	4,338,649	220,771	1,707,042	2,460,836	10,036,450	490,481	12,006,805

¹ Includes extra dividend of 10 per cent paid Aug. 1, 1908.

General balance sheet September 30.

ASSETS.

	1909	1908	1907	1906
Plantations and equipment.....	\$23,689,629	\$22,359,270	\$20,628,932	\$17,787,612
Cash.....	2,724,069	1,574,907	3,540,167	2,413,006
Accounts collectible.....	2,308,609	1,880,399	1,563,802	1,154,611
Funds for payment 5 per cent convertible bonds.....		52,000		
Advance payments.....	132,040	148,836	156,902	190,739
Miscellaneous investments.....	1,977,212	2,482,725	2,709,438	2,562,013
Advances.....	8,471,048	5,267,039	2,664,912	2,482,510
Nipe Bay Co. common stock.....	1,449,529	1,448,271	1,446,000	
Other accounts.....	4,358	1,731	11,030	9,191
Total.....	40,756,494	35,215,178	32,721,183	26,599,683

LIABILITIES.

	1909	1908	1907	1906
Capital stock.....	\$21,340,000	\$21,328,300	\$18,525,000	\$17,961,000
Convertible bonds.....		52,000	1,156,000	1,820,000
Sinking fund debentures.....	4,250,000			
Serial debentures.....	1,440,000	1,600,000	1,600,000	
Accounts payable.....	760,864	672,532	898,529	522,362
Sight drafts.....	398,696	460,105	376,590	441,296
Acceptances.....	57,809			
Notes payable.....		600,000		
Dividends.....	426,800	426,564	370,500	314,317
Accrued interest and miscellaneous.....	77,520	39,227	42,513	16,775
Income account, surplus.....	12,006,805	10,036,450	9,752,051	5,523,933
Total.....	40,756,494	35,215,178	32,721,183	26,599,683

NOTE.—The company's insurance fund asset, amounting, on September 30, 1909, to \$633,945, is not included in the above balance sheet; \$11,700 in the company's stock was issued during the year ended September 30, 1909, to stockholders in accordance with the company's offer of July 11, 1906.

Mr. GOULDEN. Were those earnings that you referred to net or gross?

Mr. HAYDEN. That was the total income.

Mr. GOULDEN. Net or gross income?

Mr. HAYDEN. I understand it to be the net income.

Mr. GOULDEN. There is a difference between net and gross, and that is why I wanted you to state specifically just what it was.

Mr. HAYDEN. Those figures are taken from the report that I referred to, and that was a statement of the net income.

Mr. HARDY. Had this company bought out a great many of these outside companies between 1904 and 1909 when their increase is shown?

Mr. HAYDEN. The dates when most of those were acquired are not given in this report. That can be learned, however,

Mr. HARDY. But it is probable from appearances that in the intervening time they had bought more property and had more property to make incomes from.

Mr. HAYDEN. As to that I can only speculate, because it does not definitely state when outside properties were bought. One property only, the Nipe Bay Co., is mentioned as having been recently purchased, and the later portion of this report deals with that.

Mr. HARDY. So you don't know whether that is a greater income in proportion to the property held or not.

Mr. HAYDEN. No; I can not tell you that. These figures show that in 1904 the balance surplus was \$3,157,952; and in 1909 the figures are \$12,006,805.

Mr. HARDY. That surplus is over and above dividends.

Mr. HAYDEN. Over and above the large dividends that had been paid as stated in the previous part of the report, which I have mentioned to the committee.

The officers of this company are: A. W. Preston, president; M. C. Keith, vice president; C. A. Hubbard, treasurer; B. W. Palmer, secretary; J. F. Tilden, assistant treasurer.

Executive committee: A. W. Preston, chairman; J. S. Bartlett, F. R. Hart, M. C. Keith, B. W. Palmer, J. J. Storrow.

Directors: M. C. Keith, New York; B. W. Palmer, J. J. Storrow, Boston; J. S. Bartlett, Lynn, Mass.; Reginald Foster, Manchester, Mass.; F. R. Hart, Milton, Mass.; C. A. Hubbard, Newton Center, Mass.; K. K. McLaren, Jersey City, N. J.; A. W. Preston, Swampscott, Mass.; W. S. Spaulding, Beverly, Mass.; H. O. Underwood, Belmont, Mass.

Annual meeting, second Wednesday in December.

Office, 131 State Street, Boston, Mass.

As to the Nipe Bay Co., controlled by stock ownership and, as said before, controlled by the United Fruit Co., the Nipe Bay Co. was incorporated May 25, 1900, in New Jersey, and owns 127,792 acres bordering on Nipe Bay, Cuba, where it has undertaken the development of a cane sugar plantation along the most advanced lines. Up to date 22,228 acres are under cultivation, and there has been built and is in operation 56.39 miles of standard-gauge railroad and a wharf reaching deep water at a distance of 1,850 feet from the shore. The railroad equipment includes 11 locomotives and 335 steel-frame cars. A steel factory building and numerous frame buildings have been erected, including stores, hospital, offices, hotel, sawmill, electric light, telephone plant, etc. The total expenditure to date exceeds \$6,000,000, exclusive of cost of land. The plant is designed to have an ultimate capacity of 5,000 tons of cane per day, for 200 days in the year, which will require 25,000 acres of cane, yielding 40 tons to the acre. It is estimated that the completed factory will produce 162,000,000 pounds of raw sugar annually. The sugar mill produced during the year ended September 30, 1909, 91,888,400 pounds of sugar and 2,673,808 gallons of molasses, as against 39,487,560 pounds of sugar and 1,058,067 gallons of molasses the previous year.

Capital stock: Authorized, \$7,100,000 common and \$2,000,000 7 per cent noncumulative preferred; outstanding, \$3,502,500 common and \$2,000,000 preferred; par \$100. The United Fruit Co. owns \$3,382,700 of the common stock. Transfer agent, American Trust Co., Boston. Registrar, Old Colony Trust Co., Boston.

Bonded debt: \$1,600,000 6 per cent gold debentures; dated June 1, 1907; due June 1, 1917; interest June and December 1, at treasurer's office, Boston. Coupon \$500 and \$1,000. Authorized, \$4,000,000. Subject to call at 103 and interest on any interest date.

Three million five hundred thousand dollars (entire issue) first mortgage 6 per cent gold notes; dated June 1, 1909, due June 1, 1914, but subject to call as an entire issue only on any interest date at 105, and interest on 60 days' notice; interest June and December 1 at Boston. Coupon, \$500 and \$1,000. Principal may be registered. City Trust Co., Boston, trustee. The deed of trust provides for a cash sinking fund of \$150,000 per annum, payable June 1 in each of the three years 1911, 1912, and 1913, and to purchase and retire these notes at not exceeding 105 and interest. In the event, however, that the company, before June 1, 1911, has expended toward the construction of a third unit to its mill and the planting of 10,000 or more acres of cane at least \$300,000; and before June 1, 1912, a total of at least \$600,000 for these purposes; and before June 1, 1913, has completed these improvements, besides maintaining in good condition its present acreage of cane and its present plant and equipment, this sinking-fund provision may be waived at the option of the company. These notes are secured by a first mortgage upon all the property of the company now owned or hereafter acquired.

Income account, year ended September 30, 1909: Net earnings, after deducting \$42,140 expended for betterments and charged against operating expenses, \$446,921; interest, etc., \$422,782; net income for one year, \$24,139; deficit forward, \$610,105; discount and commissions on five-year 6 per cent notes, charged direct to profit and loss, \$245,000, making a total profit and loss deficit, \$830,966.

General balance sheet, September 30.

	1909	1908
ASSETS.		
Cost of property.....	\$4,396,006	\$4,396,006
Railways, cultivations, sugar mill, etc.....	6,940,560	6,485,704
Current assets.....	92,901	74,229
Trustee, funds for payment of 6 per cent notes due June 1, 1909.....	5,000	5,000
Income account.....	830,966	610,105
Total	12,265,433	11,566,044
LIABILITIES.		
Common stock.....	3,502,500	3,502,500
Preferred stock.....	2,000,000	2,000,000
Bonded debt.....	5,105,000	4,350,000
Floating debt.....	1,512,594	1,532,216
Current liabilities.....	41,844	91,148
Unpaid coupons.....	1,995	3,180
Interest accrued not yet due.....	102,000	87,000
	12,265,433	11,566,044

Officers: A. W. Preston, president, Boston; M. C. Keith, vice president, New York; C. A. Hubbard, secretary and treasurer; J. F. Tilden, assistant treasurer; H. L. Bradley, assistant secretary. Boston Directors: M. C. Keith, New York; B. W. Palmer, J. J. Storrow. Boston; A. W. Preston, F. R. Hart, Milton, Mass.; C. A. Hubbard. Newton Center, Mass.; K. K. McLaren, Jersey City, N. J.; W. S. Spaulding, Beverly, Mass.; H. O. Underwood, Belmont, Mass.

Annual meeting, second Wednesday in December at 15 Exchange Place, Jersey City, N. J.

General office, 131 State Street, Boston, Mass.

Now, Mr. Chairman and gentlemen, in the brief time that I have had to investigate this question I have not been able to get evidence that could be received in a court to prove any charge of unlawful combination against this company, and I do not wish to be understood as making any, but merely suggesting the situation of this company and that, as I submit, it is not in a position to ask for or receive favors worth many thousands, hundreds of thousands of dollars. Here is an article that appeared on February 2 in the Public Ledger, of Philadelphia. It is a communication from New Orleans—

Mr. HARDY. Will you let me ask you a question right there? How is this to be a pecuniary advantage to these people—

Mr. HAYDEN. I am coming to that.

Mr. HARDY. You have said that it is worth hundreds of thousands of dollars to them. Can they not haul all this stuff under a foreign flag so far as the expenses and profits to them are concerned?

Mr. HAYDEN. Speaking of the present day, perhaps, yes, but if you will permit me—

Mr. HARDY. These profits have been made under the foreign flag, have they not?

Mr. HAYDEN. Yes.

Mr. HARDY. Then I would like to hear from you how they would make more profit under the American flag.

Mr. HAYDEN. I wish you would permit me to read this article because I think that this bears on this question.

Mr. PENFIELD. Is not that a clipping from a newspaper published in the same city in which your clients live?

Mr. HAYDEN. I speak for William Cramp & Sons Ship & Engine Building Co., yes, and A. H. Bull Steamship Co.

Mr. PENFIELD. And the Cramps are located in Philadelphia?

Mr. HAYDEN. Yes.

Mr. PENFIELD. Where the paper is published?

Mr. HAYDEN. Yes. I don't know that that is a serious reflection.

Mr. BARCHFELD. Why do we want to load this record with clippings on this proposition?

Mr. HAYDEN. It is simply because I have not been able, sir, to get the proofs, we will say, that could be properly admitted as evidence in a court of law.

Mr. BARCHFELD. And you are constructing a man of straw in order to take a fall out of him?

Mr. HAYDEN. Indeed I am not.

Mr. HUMPHREY. You want the committee to understand by insinuation and innuendo that this company is in a combination?

Mr. HAYDEN. Yes.

Mr. HUMPHREY. If you can not produce evidence, why do you come to the committee? We have a statement to the contrary, and why do you come here making these statements if you have no evidence excepting newspaper clippings?

Mr. KNOX. I would like to ask if the statement that he makes that this is in a combination is not as good evidence as the statement that it is not in a combination. If you accept one, why not the other?

Mr. SWASEY. I think the gentlemen who are invited here to appear in opposition to the bill should be treated with respect and have opportunity to make such statements as they desire and see fit to make.

The CHAIRMAN. I will ask the committee not to interfere until this gentleman finishes his statement. We voted at the last meeting to meet to-day and continue the hearing until it was finished.

Mr. HUMPHREY. The opposition took practically all the time at the last meeting. They ought to be heard and I don't care how long you give them, but let us fix some limit to the time so that it will not be possible simply to kill time. What we want is information.

Mr. ALEXANDER. Mr. Chairman, should we permit these incursions into bypaths? What relevancy has this report in reference to the United Fruit Co.? Suppose it should be proved beyond reasonable doubt that this company is in a combination or combine, would that influence our action one way or the other?

The CHAIRMAN. How much more time do you want, Mr. Hayden?

Mr. HAYDEN. I think I can conclude in 10 minutes.

The CHAIRMAN. Very well, proceed for 10 minutes, if there is no objection.

Mr. HAYDEN. The article I referred to as having appeared in the Public Ledger on the 4th of February reads:

"BANANA TRUST" LIABLE FOR FINE OF \$15,000,000—SPECIAL MASTER SUPPORTS CONTENTION OF BLUEFIELDS STEAMSHIP COMPANY.

NEW ORLEANS, *February 3*.—Holding that the United Fruit Co., the so-called "banana trust," should be ousted from possession of the Bluefields Steamship Co., and asserting that its acquisition of stock in the concern was in violation of the Sherman antitrust law, the report of B. D. F. Chaffe, special master in chancery, was returned to the United States District Court to-day. The ruling upholds the first decision of Judge Rufus E. Foster in the preliminary hearing.

If the master's report is upheld by the courts it strongly supports the contention of the complaining Bluefields Company stockholders in a suit for punitive damages in the Federal Court at Philadelphia and makes the United Fruit Co. liable for a \$15,000,000 fine.

The opinion of the chancellor holds further that assignment of the United Fruit Co.'s stock to Jacob and Charles Weinberger was a "blind," and that the "banana trust" still held control of the Bluefields corporation, and so manages its affairs as to defeat the best interests of the stockholders in the smaller and competing concern.

A temporary injunction restraining the Weinbergers, alleged to be the representatives of the United Fruit Co., from voting their stock or exercising control was granted.

As I say, that is a newspaper clipping, but I shall be very glad to obtain for this committee, as soon as they are obtainable, court records establishing every fact stated here.

Mr. SPIGHT. I would like to ask you, following Mr. Hardy's question, what increased profits this company can get by coming in under the American flag?

Mr. HAYDEN. It has been stated here to-day, and I think it is commonly understood, that this Government, following the policy of other maritime nations with respect to the use of the Suez Canal, will grant to its shipping relief from tolls or, as they are called, charges of tariff, with respect to the use of the Panama Canal.

Now, no matter whether the bill goes through in its present form, giving to those vessels the right to trade between this country and Panama, or whether it is strictly limited to the vessels flying the

American flag and having American documents, they will derive any benefit that may be granted to American shipping, assuming that we follow the course of Austria, Russia, Norway, Sweden, and all other maritime nations.

Mr. SPIGHT. What has become of the contention insisted upon by shipowners that the difference in the cost of operation between foreign and American vessels is so great as to be prohibitive on American vessels?

Mr. HAYDEN. Well, sir, we have some American vessels, American built, under the American flag in foreign trade. That was mentioned at the last meeting. The Ward Line was cited as an example. By reason of the canal, and with the aid of immunity from tolls that may be given them, it is possible that our vessels may be able to get a lodgment in trade between this country and the western coast of South America. Now, if that be possible in any way let us get it.

Mr. HARDY. But between now and the time you propose these privileges in tolls there is nothing on which the American vessels, if your ancient contention is correct, can fly its flag on the seas. Your contention is that the operation of the American vessels is so much more expensive that you can not compete.

Mr. HAYDEN. Well, sir, in the transportation, for instance, of supplies for the Army.

Mr. HARDY. Oh, those things that the Government will give you.

Mr. HAYDEN. Yes, sir.

Mr. HARDY. Is it your idea that American vessels flying the American flag must take jobs from the Government only?

Mr. HAYDEN. That would make a large part of their trade, but the Ward Line is running successfully.

Mr. HARDY. It is competing successfully?

Mr. HAYDEN. I don't know that it has a competitor. I know that it is a successful company. I know there is another company, the Red D Line, from New York to Caracas.

Mr. HUMPHREY. You know that they are already getting a subsidy.

Mr. HAYDEN. I don't think all the steamers of the Ward Line are. How is that, Mr. Duff?

Mr. DUFF. No. All the steamers of the Red D Line are getting a subsidy.

Mr. HUMPHREY. The Ward Lines do not get subsidy on their slow freight ships?

Mr. DUFF. No. They have two contracts, one from New York to Havana, and another from New York to Havana and Mexican ports; and then they have a half dozen in the foreign trade running to Nassau and south-side Cuban ports.

Mr. HUMPHREY. Do they get any assistance from Cuba?

Mr. DUFF. No.

The CHAIRMAN. Please proceed, Mr. Hayden; your time is limited.

Mr. HAYDEN. It being the policy of maritime nations to pay canal toll, why should not England pay their canal tolls as well as this Government?

To emphasize the fact that the shipbuilders of this country are sorely in need of any assistance that can be granted them by Congress—and certainly it would seem unwise for Congress to take action that would deprive them of work and of income—I wish to submit to the committee, along with the financial statement of the United

Fruit Co., statements of William Cramp & Sons Ship & Engine Building Co., and also one of the Fore River Shipbuilding Co., of Quincy, Mass.

Mr. HUMPHREY. I do not think there is any division of the committee on that subject. I think we all agree on that. As author of the bill I do not hesitate to say that I would be opposed to the bill to the last minute if I thought it would take away any building in American shipyards.

Mr. HAYDEN. I will submit this.

[From the Financial Chronicle.]

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING CO., PHILADELPHIA.

[Report for fiscal year ended Apr. 30, 1910.]

President Henry S. Grove, Philadelphia, June 30, 1910, wrote:

"Notwithstanding the universal prosperity and increased profits secured from all other forms of commercial activity, the shipbuilding industry on the Atlantic coast stands alone without adequate returns. Following the lead of the more important English shipbuilders, we have therefore continued to devote time and money in developing our engineering and manufacturing departments other than shipbuilding, and with this we are making satisfactory progress."

Earnings for fiscal year ended April 30.

	1909-10	1908-9	1907-8	1906-7
Net earnings of all departments of the company and its subsidiaries, viz: I. P. Morris Co. and Kensington Shipyard Co., including miscellaneous income, and after deduction of insurance and taxes, but before deduction of bond interest or miscellaneous interest.....	\$716,142	\$747,950	\$555,735	\$328,328
Interest on 20-year 5 per cent serial notes.....	198,083	208,833	217,333	225,828
Interest on first mortgage 5 per cent gold bonds.....	61,667	62,917	64,167	65,417
Ground rents and interest on real estate mortgages.....	29,964	30,047	31,508	34,170
Net surplus.....	426,428	446,153	242,727	3,408

The company has made the following payments and expenditures:

In reduction of capital debt, \$245,000:

220 20-year 5 per cent serial notes redeemed, as per terms of issue..... \$220,000

25 first-mortgage 5 per cent gold bonds redeemed, as per terms deed of trust..... 25,000

Expended in the purchase of real estate, new tools, machinery, and for improvements, etc..... 87,954

Balance sheet April 30.

	1910	1909		1910	1909
<i>Assets.</i>			<i>Liabilities.</i>		
Real estate, machinery, etc.	\$12,978,766	\$12,890,812	Capital stock.....	\$6,098,000	\$6,098,000
Bills and accounts receivable.....	871,614	293,922	Bonds and mortgages.....	5,674,912	5,919,912
Materials and supplies.....	421,568	343,582	Merchandise accounts.....	326,966	268,295
Cash.....	1,083,566	1,592,956	Wages due, May.....	45,797	34,303
Deferred assets (accounts in process of adjustment).	737,350	730,085	Accrued interest.....	94,923	58,822
Total.....	16,092,854	15,851,357	Profit and loss.....	3,852,257	3,431,954
			Total.....	16,092,854	15,851,357

FORE RIVER SHIPBUILDING CO., QUINCY, MASS.

[Report for fiscal year ended Dec. 31, 1909.]

President Francis T. Bowles, Quincy, Mass., February 8, 1910, wrote:

"Additions to plant and machinery were made during the year to the amount of \$53,000. All items of repair and maintenance to plant have been charged to current expense, and \$120,000 has been charged off for depreciation, and the surplus has increased by \$70,693. There are no notes payable.

"The cash receipts for the year amounted to \$4,232,225. This is a decrease from the previous year of about 30 per cent. The following vessels were under construction on December 31, 1909: Battleship *North Dakota*, 3 submarine torpedo boats, 3 torpedo-boat destroyers, 1 steel freight steamer, 1 steel steam yacht, 3 steel molasses barges, and 1 steel steam lighter. During the year there have been completed and delivered 6 submarine boats, 8 Army tugs, 3 steel car floats, 1 harbor transfer tug, and 1 steel ammunition lighter. The average number of employees for the year was 2,810. The force at present is 3,070.

"The greatest difficulty during the past year has been the lack of sufficient new shipbuilding to work the plant at its full capacity. The competition of shipyards to secure work to maintain their plants has resulted in ship construction being taken at low prices. The Curtis marine turbine, for which the license to manufacture is owned by our company, has continued to show excellent results in the performance of the battleship *North Dakota*. The company has recently signed contracts with the Argentine Government for the construction of one 28,000-ton battleship with Curtis marine turbines and the building of Curtis marine turbines for a second battleship.

Balance sheet December 31.

	1909	1908		1909	1908
<i>Assets.</i>			<i>Liabilities.</i>		
Property.....	\$3,498,600	\$3,555,646	Capital stock, preferred...	\$2,400,000	\$2,400,000
Reserve accounts receivable.....	80,764	168,507	Capital stock, common.....	2,400,000	2,400,000
Unearned insurance.....	14,338	12,331	Accounts payable, reserve.....	12,000	24,960
Unearned taxes.....	5,809		Unearned rentals.....		3,750
Accrued interest.....	150	199	Accrued taxes.....		16,043
Work in process.....	272,423	206,938	Uncompleted contracts,		
Material on hand.....	311,868	267,012	reserve.....	235,455	225,193
Accounts, etc., receivable.....	224,105	338,866	Accounts payable.....	145,781	225,519
Cash on hand.....	974,071	864,164	Surplus.....	188,892	118,199
Total.....	5,382,128	5,413,664	Total.....	5,382,128	5,413,664

¹ Property includes in 1909: Real estate, buildings, etc., \$2,301,892; machinery, equipment, etc., \$1,217,246; investments, \$99,462; total, \$3,618,600; less depreciation, \$120,000; balance, \$3,498,600.

ADDITIONAL STATEMENT OF MR. JOSEPH B. FOARD.

Mr. FOARD. Mr. Chairman, I had not the advantage when I spoke before of so large an attendance of the members of the committee. What I wish to emphasize is this. It is notorious and must be accepted by everyone that it is going to cost the United Fruit Co. more to operate these ships under the United States flag than it costs them to-day under the British flag, which they are now flying.

I feel, therefore, that the committee should look for a cause and a reason why they ask for this special privilege, and I can not myself fail to find the answer in the paragraph which I criticized in the beginning, that they shall have the privilege of the Panama trade, trade with the ports of the Panama Zone. They already have that privilege now, as I told you before, just as foreign vessels have; and in that and in the possible advantage that may come to them through concessions to American vessels and through the canal I can see the only excuse for their desire to get these ships under our flag.

Mr. SWASEY. The law now is that vessels of the United States and no other shall be employed in the transportation by sea of coal, provisions, and supplies for the Army and Navy. It gives them the opportunity to come under the Government service.

Mr. CLARK. Suppose this provision you referred to was stricken out. Suppose we begin with the word "but," at the bottom of page 1, and strike out all to and including the words "zone," and then suppose we insert in lieu thereof "that these ships shall be subject to any tolls or other charges fixed against foreign vessels"; would you then be opposed to the bill? In other words, suppose it was so amended as to shut them out from participation in any of the benefits of the canal, such as the American flag may have, would you then object to it?

Mr. HUMPHREY. I also suggest that that is another man of straw—that they be not permitted to carry Government supplies.

Mr. CLARK. No; supposing that that is stricken out and that there is language put in place of it which prohibits those vessels from getting any of the benefits of the canal except what foreign vessels get, and that they are also prohibited from entering into this business of hauling Government supplies; would you then be opposed to it?

Mr. FOARD. Unquestionably; but I am opposed to the whole measure.

Mr. CLARK. What is your objection?

Mr. FOARD. My objection is that it is exclusively a right to be given to this great company to the exclusion or until they can get a similar measure passed, of all other people engaged in the trade that they seek to engage in.

Mr. CLARK. All right. Then, suppose we should add a proviso that all foreign-built vessels constructed within five years before the passage of this act—

The CHAIRMAN. We can not hear at this end of the table, Mr. Clark.

Mr. CLARK. I am very hoarse, but I am trying to talk as loud as I can. I will repeat the question. Suppose in addition to that we provide further that any foreign-built vessel built within the last five years, say, or hereafter built, owned wholly by American citizens, may upon application secure American registry. Would you be opposed to it then?

Mr. FOARD. I do not think I would; because I have been all my life a more or less consistent advocate of free ships, for foreign trade. I would not bring vessels of foreign registry on the coast of the United States.

Mr. CLARK. With that sort of a provision, would your company make application for registry of your vessels?

Mr. FOARD. I think it is highly probable they would. I think it is highly probable if the bill passed in its present form because they will feel that they should have the same privileges as others. Personally I would favor a general free-ship bill which would permit anybody to bring in vessels from the foreign trade, but to exclude them after a certain number of years.

Mr. CLARK. Your objection then is that it is favoritism to certain ships?

Mr. FOARD. Absolutely.

Mr. CLARK. And consequently if they once become American vessels under the flag, if there were any favors extended to the Panama Canal trade, they will get them?

Mr. FOARD. Yes; or any other trade.

The CHAIRMAN. All the vessels you are interested in are foreign vessels?

Mr. FOARD. Yes, sir.

The CHAIRMAN. So of course you are in favor of a free-ship bill?

Mr. FOARD. I do not believe that there is any other way that the American merchant marine will be built up than by the registry of foreign vessels. I say that notwithstanding a conviction that vessels on regular routes, mail vessels, should be paid compensation for their greater speed. It does not make any difference what the flag is a vessel can not make 16 knots or 18 knots and carry merchandise and make money; she has to have passengers or express matter or a mail subvention of some sort.

Mr. HUMPHREY. I would like to ask a question which you may have answered before. How many vessels have you?

Mr. FOARD. In the Munson Line?

Mr. HUMPHREY. Yes.

Mr. FOARD. Fifty or sixty chartered. They have six, I think it is, that they own themselves.

Mr. HUMPHREY. What is the size of those six vessels?

Mr. FOARD. Those six I think are about 3,000 tons. That is stated in a letter from the counsel of the Munsey Line to the committee, which has already been read by the chairman of this committee, and is in the record.

Mr. HUMPHREY. In order that there may not be any misunderstanding, I want this statement to go into the record in reference to this citation that has been made to the statute permitting only American vessels to carry coal at sea for the Army and Navy. The provision is "that unless the President shall find that the rates of freight of said vessels are excessive and unreasonable." I want to state, what the committee knows, that practically all of our supplies are now carried in foreign vessels to Panama and across the Pacific; our ammunition and guns are going to the Philippines in foreign vessels. So I can not see that there would be any great force in this.

Mr. SWASEY. You and I have both been down there to protest against that proceeding to the Secretary of the Navy.

Mr. HUMPHREY. Yes; I think it is an outrage.

Mr. HARDY. Still it is permitted under the law.

Mr. SWASEY. We have protested and we have had it up some time now.

STATEMENT OF MR. FIELDS S. PENDLETON.

Mr. PENDLETON. Mr. Chairman, and gentlemen of the committee, I am against the bill for many reasons.

First. Because it is special legislation.

Second. Because it is free ships.

Third. Because I am against the policy of any vessel flying the American flag and receiving its protection that did not contribute toward the expenses of this Government in its construction with American labor and American material.

Fourth. I am against a policy that permits foreign vessels to be made American vessels with 50 cents' worth of paint to change the hail on the stern and a \$6 flag to fly at the peak.

Fifth. I do not believe that the American people should place 70 per cent of the revenues of this Government at the beck and call of foreign labor and foreign shipyards.

The difference between these vessels and some that I have built is that these are built in Belfast, Ireland, and mine are built in Belfast, Me. Everyone of my vessels is built wholly of American material with American labor. Everyone of these vessels is built wholly of foreign material and foreign labor.

Mr. SWASEY. How many vessels?

Mr. PENDLETON. We have built a great many vessels. My concern has been owner in the last 50 years in more than 200 different vessels. But every one of them was wholly built in the United States and entirely with American material and entirely by American labor. We have never owned, managed or controlled, bought, or have been interested in anything that was not built in the United States.

Among recent ships that we have built Mr. Spight's State got \$20,000 of our money for lumber in one vessel; Mr. Hardy's State got more than \$20,000 of our money for another vessel. I am now building a vessel in Mr. Henry's State, and Mr. Clark's State will get \$20,000 for lumber. Mr. Humphrey's State furnishes the spars; Mr. Maynard's State sells the frames; Mr. Alexander's State furnishes the wire rigging; Mr. Kronmiller's State furnishes the cotton duck; Mr. Green's State makes the sails and cordage; Mr. Barchfeld's State furnishes chains and anchors and irons; Mr. Sturgis's State the treenails; Mr. Swazey's State, steam gear, windlasses, etc.; in fact, 95 per cent of the cost of a ship is labor.

I ask you to consider if it is not better to spend all the cost for building these ships in the United States, giving employment to our people, than to build them in foreign countries. Is it not better policy to build a \$600,000 ship in the United States than to sell the paint and flag for \$6.50? Before anybody advocates free ships they should consider who it helps and who it hurts. If you want to build up English, German, and Norwegian shipyards, the free-ship policy is the one to do it. If you want to have them build more ships so that they can build them cheaper, and have us build fewer ships so that our cost will be higher, the free-ship policy is the plan to do it.

What we want is a chance to get started, so that we can compete with the foreigners. We build steel bridges in this country and ship them all over the world, competing with European manufacturers. We build locomotives in this country cheaper than any other country, and we ship them to Australasia, South Africa, and the Orient. A steamship is nothing more than a steel bridge and a locomotive welded together. If we were building ships at wholesale instead of retail, I believe we would build them as cheaply as they do in Great Britain.

The reason why we build steel bridges and locomotives cheaper than any other countries is because we build more of them. The reason why Great Britain has built ships cheaper is because she has built more of them.

What we want is a little encouragement, some aid to hold out to shipowners, so that they will invest in American shipping, and make business enough for our shipbuilders, so that they can build 8 or 10 ships instead of 1. We want to standardize and produce in quantities to reduce cost of construction.

It is no advantage to the shipowner to have free ships. He has free ships now. It is the plague of them we want to get rid of, not to multiply them. I can buy English ships as cheaply as the Englishman. I can operate them as cheaply as the Englishman. No legislation is necessary for Americans to buy all the ships in foreign countries that they want, and operate them as well as the Englishman. As proof of that assertion, I can offer no better illustration than the bill before this committee.

Who wants free ships? Never has an American citizen been heard of who had any money invested in American vessels or one who expected to invest a dollar in an American vessel that wanted free ships.

Will it be claimed for the mere purpose of statistics that the changing the hail on the stern of a British vessel makes an American vessel, and is hereafter to be considered as an American vessel in the carriage of our imports and exports in American bottoms? What difference will it make to the people of the United States whether these ships hail from Belfast, Ireland, or Boston, Mass.

I have stated it before, and I state it now, that in my judgment the only justification for aid to American shipping is to give the building of the vessels to the American people, and if it can not be justified on the ground that it will give employment to American labor and American material, it can not be justified at all.

Something has been said about these ships wanting the protection of the American flag. Whoever heard it said that Great Britain did not protect her interests? But if that be so, if Great Britain will not take care of a ship that has spent \$600,000 in her yard, and hailing from a British port, why should we protect that ship when she has expended only \$6.50?

If there is any advantage in the American flag, the American shipowner and the American laborer, who has been paying taxes and has been fed on promises for 40 years, should get the benefit of it.

The greatest humbug that Great Britain ever sprung on a confiding public was in her adoption of the policy of "free ships." Free ships, as a policy, to be successful, inherently means the purchase of one's tonnage abroad. The free and unrestricted registration of foreign-built ships if permitted and unavailed of amounts to nothing.

In 1651 England, under Oliver Cromwell, "the Great Protector," adopted one of the most drastic policies of ship protection ever conceived. Foreign vessels entering British ports from any part of the world other than the continent of Europe, if with cargoes, were subject to forfeiture. That was protection that protected. And, as to vessels with cargoes from the continent of Europe, they were subject to double duties, and it was effective. It had the effect of driving the Dutch, which were then the masters of the seas, under a free trade and a free ship system, from the seas. It drove Dutch fishermen out of business, because the same protective policy that applied to foreign merchant ships was applied to foreign fishermen. The Dutch at that time were successful under free trade and free

ships. Did England adopt the successful Dutch policy then? Ah, no. In order to beat free trade and free ships England applied protection.

It always cost more to build ships in Great Britain than it cost to build them on the continent of Europe or in the American colonies until the advent of the iron ship. That was the reason that England denied British registry to foreign-built vessels; it would have transferred the shipbuilding industry from Great Britain to other countries, and left Great Britain dependent upon them for her ships and her shipbuilders. So it was, that as long as it cost more to build ships in Great Britain than elsewhere, so long British registry was denied to foreign-built ships.

Then came the iron ship. In the construction of this new type the British took first rank. They succeeded beyond all other nations.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GOULDEN. I ask that the gentleman may be given five minutes longer to complete his remarks.

Mr. ALEXANDER. Let us stick to the rule. I object, if you intend to try to get through to-day.

Mr. GOULDEN. I hope you will withdraw your objection.

The CHAIRMAN. It has been requested that the gentleman be given five minutes longer to complete his remarks. Is there objection?

Mr. ALEXANDER. I will withdraw my objection.

Mr. PENDLETON. For the first time in her history Great Britain was able to build ships more cheaply than other nations.

In the cost of building iron ships Great Britain was able to produce them more cheaply than any rival.

Great Britain threw off the protection her farmers enjoyed, through the repeal of her "corn laws" in 1846. That is the time, so the world is led to believe, that she adopted her great free-trade policy. She sacrificed her farmers for her manufacturers. But even then she did not repeal her "ancient navigation laws," laws that had been upon her statutes for nearly 200 years, laws that had enabled her to sweep all of her rivals from the seas, laws—protective laws that had given her the mastery of the seas—protective laws that had made and had kept her the unchallenged mistress of the seas. During all of this time, I say, it cost more to build a wooden ship in Great Britain than it cost anywhere else in the world. All the while that a free-ship act might have enabled Britons to buy their ships more cheaply abroad, free British registry was denied to foreign-built ships.

But when the British had tested out their iron ships, when they had found that they were successful, that they would wear, that they would stay afloat and carry cargoes, and when she found that the iron ships could be built more cheaply in Great Britain than anywhere else on earth, then she was willing to admit foreign-built ships to British registry, and that was in 1849—an act that went into effect in 1850—four years after the repeal of her corn laws, four years after her general policy of free trade went into effect. The Cromwellian policy had been called the Maritime Charter of Great Britain, it was a law that had made her supreme upon the sea, and despite the higher cost of her ships, despite the denial of British registry to foreign-built ships, it had enabled her to hold fast her title to maritime supremacy—that is what protection did for Great Britain when her ships needed protection. As long as it cost more to build ships

in Great Britain than it cost to build them elsewhere, she never deviated a hair's breadth from her fixed policy of denying British registry to foreign-built—more cheaply built—ships.

Before she finally repealed her navigation laws in 1849, Great Britain had very carefully seen to it that the iron ship (in the construction of which no nation could compete with her in the matter of cost) was the preferred ship in the matter of carrying freight; she had seen to it that insurance was cheaper on her iron ships than it was upon her competitors' wooden ships; she had seen to it that cargoes carried in her iron ships were insured at a less rate than cargoes in the wooden ships of her competitors were insured. Her maritime supremacy had easily enabled her to do that.

And then, in 1849, when everything was ready, when she was able to make a great hurrah because of her adoption of a free-ship policy, she granted British registry to foreign-built vessels that were owned by British subjects.

Now, the test of this policy was the foreign-built tonnage that came under British registry. And there is where the great humbug was shown. During all of the sixty years that the policy of free ships has been in force in Great Britain, not 1 per cent of the shipping under her flag has been foreign built. She had a free-ship policy, to be sure, but it was to the interest, then, of Britons to buy their ships at home, where they could get them more cheaply. What mattered a free-ship law, under those circumstances, to Britons?

The real purpose of the British free-ship act was not to enable her own people to buy ships more cheaply abroad, but to induce the people of other nations to come to Great Britain to buy their ships—to assure to Great Britain the retention of the world's shipbuilding, to clinch and copper fasten her maritime supremacy.

Great Britain deceived the world into believing that she had done a magnanimous act in admitting foreign-built ships to British registry. In fact, she had done a crafty act of deep duplicity in thus flim-flamming the world into believing that she had become "liberal" in her laws. And so, the world generally followed her example and adopted free ship laws, and straightaway foreigners thronged British shipyards and filled them with their orders for "free ships." But who witnessed any considerable number of Britons placing orders in foreign shipyards for "free ships?"

Of course, at a time like our Civil War, when Great Britain did everything she could to destroy the Union, and when Confederate privateers that had been built in British shipyards were destroying our ships in large numbers, Britons did step in and take advantage of their free-ship act, and buy smart, able Yankee clippers at sacrifice prices—but only at such times of stress.

The effect of the British free-ship act was to fatten British shipbuilders, and to ruin foreign shipbuilders. It pretended to do one thing, and it did just the other.

The crowning act of British infamy in the matter of free ships was shown a few years ago. The Germans had made great strides in shipbuilding. They had liberally patronized British shipyards. They cheerfully placed their flag over British-built ships. But, all the time, the Germans were endeavoring to build up a successful shipbuilding business of their own. Finally they succeeded. They had reached a point where they were able to build for themselves as

cheaply or cheaper than the British could. The things that were "made in Germany" became a nightmare to the British people, until that nightmare began to include their beloved shipping. Then they halted, and so it has been that, beginning with the loan of \$13,000,000 granted to the Cunard company to build the *Lusitania* and the *Mauretania*, the condition was, for the first time in 50 years imposed in the contract, that the ships for which Great Britain was making so huge a loan, should be "built in the United Kingdom." In short, the moment her policy of free ships seemed to seriously threaten the placing of orders for British shipowners abroad, where the ships might have been built more cheaply than was possible in British shipyards, that moment the old instinct of protecting her shipping forcibly took hold of the Briton and the subsidized ships, at least, must hereafter be built "in the United Kingdom." This requirement, if one were needed, most thoroughly and effectively established the bland hypocrisy of the British free-ship policy. And yet the world little realizes the completeness of the humbug to which Great Britain subjected them in the adoption of her free-ship policy. When Blaine declared in the *North American Review*, in 1890, in his debate with Gladstone, that "regardless of consistency and regardless of expense" Great Britain has always protected her shipping, he uttered a truth altogether too little understood by the world at large.

When the British supremacy on the North Atlantic was attacked by the Germans a few years ago, what did Great Britain do? She loaned the Cunard Line \$13,000,000 at a very low rate of interest, and then made a contract to pay that line an annual subsidy of more than one million dollars per year for 20 years. That is what Great Britain does when protection is necessary.

It might be interesting for the committee to know that since the year 1839, when Great Britain started paying subsidies she has paid to her shipowners in cash, figuring interest at 6 per cent, more than thirty-five hundred million dollars—more than three billion five hundred million dollars! That is what Great Britain has done for her shipowners, besides the advantage that they have had in cheaper construction and cheaper operating expenses.

I thank you, gentlemen.

STATEMENT OF MR. E. H. DUFF, OF WASHINGTON, D. C.

Mr. DUFF. Mr. Chairman, and gentlemen, I want to make the position of the coastwise lines in respect to this measure entirely clear. We are opposing the bill for one purpose only, and that is that we feel the privilege which will accrue to the United Fruit Co. or to any other company, we may say, by the passage of such a bill will be very great. We feel that if this bill is to pass in its present shape, without some amendments specifically providing as to what privileges shall be granted these vessels in the use of the Panama Canal, that it will work a very serious hardship against American-built ships.

Mr. GOULDEN. Mr. Duff, right there, what would you suggest?

Mr. DUFF. I would suggest some provision—if I had the bill I could tell. I now have a copy of the bill. The bill provides that the said steamships shall not engage in the coastwise trade of the United States. Now that should be followed by striking out the words,

"but shall not be excluded from that between this country and the ports of the Panama Canal Zone," and insert something along this line:

Provided further, That in the use of the Panama Canal said vessels shall not be granted any privileges in the way of tolls or charges and shall be subject to the same conditions that shall apply to vessels under a foreign flag—

the object of that being that assuming when the canal is completed some of our American-built ships desire to engage in the trade on the west coast of South America, and further assuming—and I think it is almost a certainty that Congress will do something—that an act is passed giving a differential in favor of American-built ships in the use of the canal, that an American-built ship will have the advantage over a ship that is required to pay toll. Now, take one of our coast-wise boats, and assuming that it goes down through the canal to the west coast of South America and has a differential of 50 cents or a dollar a ton over a foreign ship in using the canal. Then take the United Fruit Co.'s vessels, or any foreign vessel registered in accordance with this proposed act, with a very much smaller initial cost, probably 40 to 50 per cent, and put them on an equal basis with the American ship, and you will see that the American ship can not compete. Aside from that, if that is cared for in the bill, we have absolutely no objection to it.

Mr. GOULDEN. At the last hearing before this committee, when Mr. Ellis was making his statement, Mr. Hardy asked him the following question:

Mr. HARDY. As I understand you, you are perfectly willing to strike out the Canal Zone, and you are perfectly willing to extend this bill so as to permit any ship under similar circumstances to have the same privileges that yours have?

And Mr. Ellis replied as follows:

Mr. ELLIS. Entirely, sir. We have no desire to have any special legislation whatever; we have no desire to have it; we did not come here for that purpose; we did not come here for the purpose of asking anybody to put any "joker" in any bill by which we would profit in the near future or by which we would get the advantage of some bill that may be enacted by Congress relative to ships passing through the Panama Canal.

Mr. DUFF. As Mr. Penfield, I understand, is to address the committee in a few minutes, I would respectfully request that he tell the committee for what purpose.

STATEMENT OF CAPT. WILLIAM G. RANDLE, REPRESENTING THE NEW YORK SHIPBUILDING CO.

Mr. Chairman and members of committee, by your kind permission we have again been privileged to come before you to-day to enter our protest and place ourselves on record against H. R. bill 31689, a bill to provide American registers for 17 steamers built and now building in a British shipyard, between the years 1904 and the present year, with the exception of one built in 1893, and owned and controlled by the United Fruit Co., incorporated at Trenton, N. J.

I would ask, why thus strike a killing blow to all the American shipyards, and the labor employed therein, and not only the yards, but all the industries all over the United States wherein anything that enters into the construction of a battleship, an ocean liner, or a freighter is manufactured or produced. In 1892 Congress passed a bill admitting two British built steamers to an American registry,

the steamship *New York* and steamship *Paris*, but with the provision that an equal amount of tonnage be built in an American yard. Is the United Fruit Co. prepared to comply with the same proviso? This legislation produced the steamship *St. Louis* and steamship *St. Paul*, at Cramps, ships of over 11,000 tons and of 20 knots speed, and all four of which rendered efficient service during the Spanish-American war as auxiliary cruisers. I speak whereof I know, as I had the honor of superintending the building of all four and afterwards commanding the first, the *Paris*, and then the *St. Louis*, in the trans-Atlantic service, and during the Spanish-American War was second in command of the *St. Louis*. I only quote the foregoing as a comparison between the four 11,000-ton ships and the service they rendered and as one of the conditions of the present bill H. R. 31689 in that they shall be subject to be taken by the United States Government and used as cruisers or transports upon certain conditions of payment to the owners.

Having had a long and practical experience, both in command of steamers, both large and small, and the building of the same, and their adaptability for certain purposes, I do not hesitate to state that the 17 steamers of the United Fruit Co. are unfitted for auxiliary cruisers, as they are too slow and too lightly built to carry anything heavier than a 6-pounder; would all be at the mercy of the enemy; they are not fit for transports, as they could only accommodate a very small number of troops, and their coal capacity is also small—say 500 men at the utmost and bunker capacity of 1,000 tons. Now, for a voyage to the Hawaiian Islands at 12-knot speed they would take 23 days and 1,200 tons of coal, and to Manila 40 days and 2,000 tons of coal; the remainder of her carrying capacity would all be taken up by camp equipage and provisions, and it is questionable if they could carry enough water, coal, and stores to reach Manila. Why, the war would be nearly over and the men on board would be so demoralized and enervated by their long voyage that they would be in an unfit condition to enter a hard campaign.

Now, Mr. Chairman and gentlemen, we will try to analyze the financial side of the question. The United Fruit Co. ask for the freedom of the Canal Zone ports; and why? First, they ask for the register and flag of the United States, which will cost them on an average \$1.50 per gross ton more to operate under, or about \$127,500 per year more than under the British flag; but if H. R. 28630, remitting canal tolls on American tonnage, becomes a law they will be exempt from canal tolls and charges on 80,000 tons per year at \$1.25 per ton each time it passes through the canal, and I should judge if the 17 ships are kept at work, as they should be, that they would pass through eight times yearly, would gross them \$800,000, and deducting the increased charges for operating under the American flag, would net them \$672,500 yearly, a nice sum given as subsidy to 17 British-built ships, and which could be taken over to the same foreign yard that built them to build two more ships a year and brought out and the same conditions asked for. And another point that may be raised by granting them the register and flag, you increase their value about 33 per cent. Now, if our Government should take them over at any time, would not the owners value them at the cost they could replace them in an American yard, less the depreciation by wear and tear?

In conclusion, Mr. Chairman, we would most earnestly ask that you do not report favorably the bill H. R. 31689, as we consider it is unjust to the capital invested in American shipyards and also to all owners of American-built ships, as well as to the mechanics and operatives all over the United States wherever employed manufacturing or producing whatever enters into the construction of ships. In the coast shipyards alone there is at least \$40,000,000 of capital invested and 25,000 men employed representing at least 100,000 men, women, and children. Would you be the means, gentlemen, of depriving them of the wherewithal to obtain the bread they eat and the clothes they wear, transferring that support to the men in British shipyards and their homes, building up foreign yards and industries to the detriment of our own? Therefore, I would again express the wish as would be uttered by all were they present that are interested in American shipbuilding and its depending industries, do not concede what is asked for by the United Fruit Co., the granting of our flag to 17 ships of foreign build, some of which are still on the stocks in a British yard.

I thank you, Mr. Chairman and gentlemen, for your courtesy and kindness on this occasion, and for this hearing.

STATEMENT OF MR. F. J. GAUNTLETT.

Mr. GAUNTLETT. Mr. Chairman, and gentlemen of the committee, representing the Newport News Shipbuilding & Dry Dock Co., we are opposed to this bill and opposed to a free-ship proposition of any kind.

It seems to me that it is rather unreasonable to allow a corporation which, on a capitalization of \$25,000,000 can in a few years pile up a surplus of \$12,000,000, besides paying reasonable dividends, besides extra stock and cash dividends, to take the money that it has earned in this country and go abroad and spend \$8,000,000, at their own showing, in foreign ships. That \$8,000,000 would keep any one of the four large shipyards of the Atlantic coast busy for one year employing 7,000 men, or supporting from 30,000 to 35,000 people. It seems to me that with the slight difference of cost that a corporation that can pile up all this money can afford to pay the difference. When I go abroad, which I do frequently, if I buy a suit of clothes over there at half the cost I can buy them here I have to pay duty on them. Why should not they have the same treatment as I have?

That is all that I care to say, Mr. Chairman, and I thank you.

STATEMENT OF MR. WALTER S. PENFIELD.

Mr. PENFIELD. I want to make a perfectly frank and open statement to the committee and will request that the committee ask me any questions to bring out any matter that may be in their minds.

I may say, personally, that I am engaged in the practice of international law, advising people of their rights in foreign countries. The United Fruit Co., who have large interests in Central America, were recommended to me by some one and I can give you the entire history of this bill.

When I was asked to frame up a bill for the transfer of the registry of these ships I naturally asked the question, Why do you want to change your registry from British to American, and the manager of the company replied that the president of the company felt that as they were building up such a large industry that they would like to see it entirely under the American flag. In drawing this bill I have naturally looked for precedents and forms, because I am unacquainted with the drawing of bills in general. I found in 1898 the following act was passed, which formed the basis of the first part of my bill, namely:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is hereby authorized and directed to cause the wrecked foreign-built steamer owned by the New York and Porto Rican Steamship Company, incorporated under the laws of the State of New York, to be registered as a vessel of the United States: *Provided,* That the said steamship shall not engage in the coastwise trade of the United States, but shall not be excluded from that between this country and Porto Rico.

I also found another precedent, passed in June, 1898, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is hereby authorized and directed to cause the foreign-built steamers, Victoria, Olympia, Arizona, Columbia, Argyle, and Tacoma, owned by the Northern Pacific Steamship Company, to be registered as vessels of the United States.

The company requested me to put in the bill the provisions from the New York-Paris act and which also appears, I believe, in the mail act, which formed the last clause of this bill, providing that the Government of the United States may take the boats as cruisers or transports.

Now, in regard to the one clause to which objection has been made by certain interests, the same interests admitting that if the clause is withdrawn they will have no objection to the bill—that is, this clause:

Provided, That the said steamships shall not engage in the coastwise trade of the United States, but shall not be excluded from that between this country and the ports of the Panama Canal Zone.

Now, I will give you the exact history of that clause, so you can see for yourselves.

An officer of the company stated to me that they were investing, and had invested, a large amount of money in the Republic of Colombia, South America. As I understand, all of the shipments made from Colombia go through the port of Cristobal, which is a Colombian port, and while I am not familiar with the geography of that country—I presume some of the members of the committee are, and they can correct me if I am in error—the port of Colon is near the port of Cristobal—

Mr. GOULDEN. Adjoining.

Mr. PENFIELD. Adjoining the port of Cristobal, and it was found that they might want to load at one port or the other, and it was for that reason solely that this clause was put in:

Provided, That the said steamships shall not engage in the coastwise trade of the United States, but shall not be excluded from that between this country and the ports of the Panama Canal Zone.

Mr. GOULDEN. Are you certain about your statement that Cristobal is in the Republic of Colombia?

Mr. PENFIELD. I am not, but that is what I have been told.

Mr. GOULDEN. It is not in the Republic of Colombia, it is in the Canal Zone. It belongs to the United States, ceded by the Republic of Colombia.

Mr. PENFIELD. I think it was in Colombia at the time that the concession was granted.

Mr. GOULDEN. Yes. All Panama was in Colombia then.

Mr. PENFIELD. And I doubt very much whether the Government of the United States could take away from the United Fruit Co. a right which was granted by the Government of Colombia.

Mr. GOULDEN. I would not undertake to discuss that, but I do know that Port Cristobal is in the United States.

Mr. PENFIELD. At any rate, the United Fruit Co., so far as I know, is not interested at all in the question of going through the canal.

That gives you a clear history of this bill. The United Fruit Co. has no objection whatever to the striking out of that entire provision. I will state that finally.

Now, there is just one other phase I want to discuss, and that is this: My company is what the name indicates, a company engaged in the fruit business. In order to engage in the fruit business it has done one of two things; it has either bought or leased lands in Central and South America. Now, in order to get fruit to the ports, they had to build railroads, some of which are narrow gauge and some of which are standard gauge, and in order to get the fruit from the ports of those countries to the consumers in the United States they had to build ships. It is true they have gone abroad and built ships and developed this enormous trade. And I asked this question of the company: Why is it that you want American registry when you admit that it will cost more to operate under the American flag than under the British flag, and when you also admit to me that you can make just as much money under the British flag as under the American flag? And their reply to me in my office was, "We are building up this enormous industry, this big fleet of ships, and we want to see it all under the American flag."

Mr. SWASEY. May I interrupt you?

Mr. PENFIELD. Just one more statement, and I will be through. Therefore the United Fruit Co. has no objection to the elimination of that clause. They have no objection to any legislation which will permit other ships coming in, or to a general bill being drawn permitting ships coming in, and we think Congress is justified in passing such a measure. We think Congress is justified in passing a measure for the establishment of an American merchant marine, and especially in view of the statements of some of the shipping interests that they have not built any ships for the foreign trade for the last blank years. I think it is a great deal better principle, as a principle of economics, to register these ships which have been built abroad than it is to ask the Government of the United States to go down in its pocket and turn over to a ship company the difference between the cost of production in England and the cost of production here.

A MEMBER. Why does not that apply to everything else?

Mr. SWASEY. Have there any contracts been made for foreign ships since the suggestion of yours that they want to come under American registry?

Mr. PENFIELD. Has the United Fruit Co. made any contracts? They have not.

Mr. SWASEY. How many ships are they now building?

Mr. PENFIELD. Unfortunately, the statement was taken away by Mr. Ellis the other day. My recollection is that there are 2 ships being built abroad at this time; that is, there are 2 ships that are to be delivered this year, 1911. The remaining 15 ships have been built.

Mr. SWASEY. You said that the origin of this bill, the suggestions in regard to it, you obtained by reading former bills?

Mr. PENFIELD. Yes, sir.

Mr. SWASEY. You read one about the admission of two vessels to American registry provided that two other vessels were built in American yards?

Mr. PENFIELD. No; that was read by Capt. Randle, from the Paris-New York act.

Mr. SWASEY. Did you not refer to that in your remarks?

Mr. PENFIELD. No. Here is what I referred to:

Provided, That said steamship shall not engage in the coastwise trade, but shall not be excluded in the trade between this country and Porto Rico.

If you will recollect, at the last hearing, Mr. Mooney, the vice president of the New York and Porto Rico Co., appeared here and objected to this Panama provision, and I asked him why he was changing front, and Mr. Hayden replied there was a change of public policy.

Mr. DUFF. In justice to Mr. Mooney, I want to say this: I do not think Mr. Mooney objects so much to that provision, which would allow your steamers to carry on a trade with ports in the Canal Zone; I do not think anyone objects to you having that privilege. But he meant by that that they did object to your having the same right in the use of the Panama Canal as would accrue to American-built vessels.

Mr. PENFIELD. Yes; he was objecting to the framing of a bill when it was framed with his bill as a precedent.

Mr. HAYDEN. I think I can answer that in this way, as to Mr. Mooney: In 1898, when the bill for the admission of the *Arcadia* was passed, it was the practice of Congress, quite often, to grant registry to foreign-built vessels, and that policy has been changed here.

Mr. HUMPHREY. The policy has not been changed except as to the coastwise trade. You have made that statement several times when there is no foundation for your making it.

Mr. PENDLETON. I can clear that up. At the time we took Porto Rico the *Arcadia* was running in that trade, under the Spanish flag. When we came in and took Porto Rico they wanted that same right and it was given to them, because the steamer had been running there for several years before under the Spanish flag, as I recollect.

Mr. HARDY. I want to see if I am right in my interpretation. Would you object to the bill being amended so as to read: "That the Commissioner of Navigation is hereby authorized and directed to cause any foreign-built steamers owned by the United Fruit Co. or corporations chartered under the laws of any State of the United States whose stock is wholly owned by United States citizens to be registered as vessels of the United States," so as to make it general instead of special?

Mr. PENFIELD. I have no objection except as to that word "chartered."

Mr. HARDY. Well, we will say "incorporated under the laws of the United States."

Mr. PENFIELD. I would have no objection.

Mr. HARDY. Would you have objection to this further change:

Provided, That such steamships shall not engage in the coastwise trade of the United States, but shall be subject, as foreign vessels, to pay all dues and tolls of the Panama Canal and shall not be entitled to carry coal at sea, etc., except as foreign ships are now or may hereafter be permitted to do?

Mr. PENFIELD. I am not authorized to speak as to that, but I should say from what I know that I do not see how the company could have any objection to that, for the reason that it is engaged in raising fruit.

Mr. HARDY. In other words, you do not want the exclusive privilege for these foreign vessels; you want the privilege extended to any such vessels in order that they may fly the American flag.

Mr. PENFIELD. That is what I want. They are building up an enormous interest. I think Mr. Hayden was very kind to read the full statement in regard to the United Fruit Co., to show the enormous amount of money that they have invested in South America, where the conditions are continually turbulent, where one revolution has just ended, and where one is now in progress. As I say, in that country they continually need protection. But they have protection because the American Fruit Co. is an American citizen.

Mr. HARDY. I understand your first reason for asking for this legislation is based on the idea of needing the protection of the United States for the company's property.

Mr. PENFIELD. I am glad you brought that up, and I will make another frank statement, which is more frank than I intended to make. I asked the manager of that company why they wanted American registry when it was more expensive to operate, and he replied, "The president of our company is a very patriotic American and would like to see all the company's ships under the American flag." I said, "We do not really want to advance that argument before the committee, because it really sounds foolish."

Mr. HUMPHREY. That is the same statement he made to me.

Mr. PENFIELD. He said, "You have a legal ground, the ground of protection to American interests abroad." I said, "I do not see that it is necessary to have American registry in order to get protection for your stockholders who own stock in a British corporation owning the ships, because the United States has time after time intervened in the support of stockholders in foreign corporations."

The CHAIRMAN. Let me say a word there. If this gentleman is so full of patriotism, as you seem to imply, which I can not understand—I am rather green—if he is so full of patriotism, why would it not be well for him to have a vessel once in a while built in American shipyards? He has not contributed a dollar to American industry and does not propose to under this bill.

Mr. PENFIELD. That was the very reason I objected to any such statement being made here as an argument in favor of the bill.

The CHAIRMAN. I do not think it is very patriotic to buy everything in England. A man who goes to England and buys all his clothes and everything else that he can does not show much patriotism, and therefore I think your argument is very slender.

Mr. PENFIELD. My reply to that, Mr. Chairman, is this: That such a bill or general bill would do more for American interests than the present situation. They admit they are not building American ships. Now, if those ships are admitted to American registry, they will be repaired here, and that will bring in dollars to American pockets.

Mr. GOULDEN. Does it not strike you as a lawyer of international reputation—

Mr. PENFIELD. No, I beg your pardon, I demur to that.

Mr. GOULDEN. That the ships of this country would be better off to remain under the British flag, because they would have double protection then—protection of the British Government in South American countries and also the protection of the American Government?

Mr. PENFIELD. No; because, as I said, the British have not extended the protection of the British Government.

Mr. HARDY. However great his patriotism may be, is it not practically impossible for him to engage in the trade spoken of when the cost of his labor would be so great as to run him into bankruptcy?

Mr. PENFIELD. I think that is an answer to it.

The CHAIRMAN. I think they could stand it in view of the profits that they have been shown to make.

Mr. PENFIELD. I doubt very much whether the members of this committee realize the great chances that capital takes in some of the South American countries. Personally, I would not buy stock in any company operating in Central America at 5 cents on the dollar because of the great risk they take. No matter how good the government of any of those countries may be now, the time comes when all those countries get into trouble, and for a reason of which I do not need to speak. And another thing further, I have just gone through the records of a company that has got into trouble down there; I have seen the pictures of the railroads and the land and the cattle that they have. In order to do business there you have to have an enormous organization. This company had 1,500 men. They had to dredge out a creek to build this railroad into the interior, through the underbrush. They have to carry these cattle along as draft animals and as food for these men who live out in the wilderness.

The CHAIRMAN. Do they pay American wages?

Mr. PENFIELD. They pay them twice the wages they ordinarily get down there. They do not employ many Americans. They have American foremen and superintendents and so on, but the laborers have to be natives, because American laborers will not go down there.

The CHAIRMAN. Then they have some inducement to go down there, which is because they are interested in the almighty dollar.

Mr. PENFIELD. Of course, and I am interested in the almighty dollar, and all of us are. That is the reason why I am here.

Mr. GAUNTLETT. Did your company take American bids on the last three ships they built?

Mr. PENFIELD. I don't know.

Mr. GAUNTLETT. I think a year or a year or two ago the *Cartago* was sent to our yard and we gave it a general overhauling. At that time I was assured by our general manager that we could have built that ship for the same price, and in view of the fact that the American shipyard is now cheapening its products, I believe that if

they will give us an opportunity to build a few more we can come pretty near the prices they are building for in England.

Mr. MAYNARD. I move that the committee now go into executive session.

Mr. CLARK. I want to make a motion. I do not think it is necessary to go into executive session right now. I want to move that each member file such amendments as he desires to propose to this bill, and that we then adjourn until next Thursday, on which day we will dispose of this whole matter, and that in the meantime the stenographer furnish each member with copies of whatever amendments be offered. I make that motion so that we may study the amendments before we examine the bill—only day after to-morrow—and then finally dispose of it.

Mr. HUMPHREY. I think I am in favor of your motion, but would it be wise to attempt to limit amendments to those that are offered?

Mr. CLARK. No, I do not intend to do that. I leave it open for amendment, but I have two that I want to offer and I wanted Members to have the opportunity to examine them.

Mr. HUMPHREY. Do you move to make this the order of business then Thursday?

Mr. CLARK. That we will dispose of it that day.

Mr. HUMPHREY. I suggest that you amend your motion to the effect that that shall be the order of business when we meet Thursday at half past 10.

Mr. MAYNARD. It seems to me that this committee is prepared to vote on this bill to-day just as well as Thursday—and I say that, whether I am opposed to it or not. If there is any idea on the part of the committee of reporting this bill, they should report it early enough so that there may be some chance of action being taken on it.

The question was taken on the motion to go into executive session, and the motion was rejected.

The CHAIRMAN. The motion is now on the question of whether we shall meet on Thursday and dispose of the bill.

(Argument followed among the members of the committee. The pending motion was agreed to, and at 1 o'clock p. m. the committee adjourned to meet Thursday, February 9, 1911, at 10.30 o'clock a. m.)

Mr. Clark, of the committee, offered the following amendments: Strike out all the words beginning with the word "but" in line 11 on page 1, down to and including the word "Zone" in line 2 on page 2, and insert in lieu thereof the following: "*And provided further, That in the use of the Panama Canal said vessels shall be subject to the same terms and conditions as to toll and other charges as may be applied to vessels flying a foreign flag: And provided further, That foreign-built ships owned wholly by American citizens which were built within five years before the passage of this act, and all foreign-built ships hereafter constructed and wholly owned by American citizens, shall upon application be entitled to American registry and thereby become entitled to all the benefits and charged with all the burdens and responsibilities to which the vessels specifically named in this act are subject,*" so that the bill as amended will read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Commissioner of Navigation is hereby authorized and directed to cause the foreign-built steamers San Jose, Limon, Esparta, Cartago, Parismina, Heredia, Abangarez, Turrialba, Atenas, Almirante, Santa Marta, Meta-

pan, Zacapa, Greenbrier, Peralta, LaSenora and Sixaola, owned by the United Fruit Co., incorporated under the laws of the State of New Jersey, to be registered as vessels of the United States: *Provided*, That the said steamships shall not engage in the coastwise trade of the United States: *And provided further*, That in the use of the Panama Canal said vessels shall be subject to the same terms and conditions as to toll and other charges as may be applied to vessels flying a foreign flag: *And provided further*, That foreign-built ships owned wholly by American citizens which were built within five years before the passage of this act, and all foreign-built ships hereafter constructed and wholly owned by American citizens shall upon application be entitled to American registry and thereby become entitled to all the benefits and charged with all the burdens and responsibilities to which the vessels specifically named in this act are subject.

Any steamships so registered under the provisions of this act may be taken and used by the United States as cruisers or transports upon payment to the owners of the fair actual value of the same at the time of the taking; and if there shall be a disagreement as to the fair actual value at the time of the taking, between the United States and the owners, then the same shall be determined by two impartial appraisers, one to be appointed by each of said parties, who, in case of disagreement, shall select a third, the award of any two of the three so chosen to be final and conclusive.

Mr. Hardy, of the committee, offered the following amendments: On page 1 strike out the word "the," in the middle of line 4, and insert in place thereof the word "any;" in the same line (4) strike out the words "San Jose," all of lines 5 and 6 and all of line 7 up to the word "owned;" strike out the words "the United Fruit Company," in line 8; strike out the second word ("the") in line 9, substituting therefor the word "any," and also strike out in line 9 the words "New Jersey." After the word "by," in line 8, insert the words "American citizens or corporations;" and in lieu of the words "New Jersey," in line 9, insert the words "the United States, whose stock is wholly owned by citizens of the United States." After the word "shall," in line 11, add, "be subject as foreign vessels to pay all dues and tolls of the Panama Canal, and shall not be entitled to carry coal and supplies at sea for the Army and Navy of the United States, except as foreign ships are now or may hereafter be permitted so to do."

On page 2 strike out lines 1 and 2, so that the bill as amended will read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Commissioner of Navigation is hereby authorized and directed to cause any foreign-built steamers owned by American citizens or corporations, incorporated under the laws of any State of the United States, whose stock is wholly owned by citizens of the United States, to be registered as vessels of the United States: *Provided*, That the said steamships shall not engage in the coastwise trade of the United States, but shall be subject, as foreign vessels, to pay all dues and tolls of the Panama Canal and shall not be entitled to carry coal and supplies at sea for the Army and Navy of the United States, except as foreign ships are now or may hereafter be permitted so to do.

Any steamships so registered under the provisions of this act may be taken and used by the United States as cruisers or transports upon payment to the owners of the fair actual value of the same at the time of the taking, and if there shall be a disagreement as to the fair actual value at the time of the taking between the United States and the owners, then the same shall be determined by two impartial appraisers, one to be appointed by each of said parties, who, in case of disagreement, shall select a third, the award of any two of the three so chosen to be final and conclusive.

AMERICAN REGISTERS FOR CERTAIN STEAMERS.

COMMITTEE ON MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., Thursday, February 9, 1911.

The committee met at 10.30 o'clock a. m., Hon. William S. Greene in the chair.

The committee thereupon went into executive session for the purpose of considering the bill (H. R. 31689) to provide American registry for certain steamers, and the following proceedings were had:

Mr. CLARK. Mr. Chairman, I desire to offer this amendment (the gentlemen all have the bill before them, I believe):

Strike out all the words beginning with the word "but," in line 11, page 1, down to and including the word "Zone," on page 2, line 2, and add thereto the following:

And provided further, That foreign-built ships owned wholly by American citizens, and of two thousand five hundred tons burden or more, of steel construction, which were built within four years before the passage of this act, and all foreign-built ships of steel construction and of two thousand five hundred tons burden or more, hereafter built and wholly owned by American citizens, shall, upon application, be entitled to American registry, and thereby become entitled to all the benefits and charged with all the burdens and responsibilities to which the vessels specifically named in this act are subject.

Mr. FAIRCHILD. According to that amendment, if any American citizen builds a ship in any market, anywhere, at any price, it is entitled to American registry?

Mr. CLARK. Yes; if it is a ship of steel construction, and of 2,500 tons or more, and has been built within the last four years.

Mr. MAYNARD. Your amendment, then, is a free-ship proposition?

Mr. CLARK. Pretty nearly, not entirely.

Mr. FAIRCHILD. It comes just about as close to it as it can without being that.

Mr. HUMPHREY. Except that it limits the vessels to those of a certain class.

Mr. MAYNARD. And does it make a limitation as to canal tolls, and all that?

The CHAIRMAN. What do you propose to do then—leave this bill just as it was before? Is this an amendment to the bill? Do you propose to leave the bill just as it was, and take out that part, or do you offer this as an entirely new bill?

Mr. CLARK. Oh, no.

Mr. SWASEY. He strikes out the closing sentence.

Mr. WILSON. Do you strike out all the rest of page 2?

Mr. CLARK. Yes; down to and including the word "Zone."

Mr. WILSON. From the word "but" to the word "Zone"?

Mr. CLARK. Yes.

The CHAIRMAN. In other words, you provide for registry for these United Fruit Co. vessels?

Mr. CLARK. Yes, sir.

The CHAIRMAN. And then bring in about everything else?

Mr. CLARK. Everything else of 2,500 tons or more.

Mr. FAIRCHILD. What is the use of doing that? Why not simply insert your amendment and eliminate everything else?

The CHAIRMAN. What do you want to put in the vessels of the United Fruit Co. for?

Mr. FAIRCHILD. Why do you want to make a special exception?

Mr. HUMPHREY. I think there are one or two of those vessels that could not come in under that limitation.

Mr. FAIRCHILD. Why not include the whole thing?

Mr. CLARK. We do not want to admit any "old tubs," you know. We want new boats.

Mr. WILSON. We want to do all we can, I suppose, for the United Fruit Co. Is that it?

Mr. CLARK. Yes.

Mr. HUMPHREY. Mr. Chairman, I want to offer, as a substitute for that amendment, the following:

That the Commissioner of Navigation is hereby authorized and directed, for a period of two years from the passage of this act, to cause any seagoing steel steamer not more than 4 years old, of two thousand five hundred gross tons or over, wherever built, and to engage only in the trade with foreign countries or with the Philippines, being wholly owned by citizens of the United States and no others, to be registered as a vessel of the United States. Foreign vessels registered pursuant to this act shall not engage in the coastwise trade, or transport from one port of the United States to another port of the United States, either direct or via foreign ports, or for any part of the voyage, passengers or merchandise, under penalty of two hundred dollars for each passenger so transported, and the forfeiture of the merchandise so carried, and shall not receive any privilege, advantage, or favor in the use of the Panama Canal, except as granted to foreign vessels, and shall not be entitled to carry coal and supplies at sea for the Army and Navy of the United States, except as foreign ships are now or may hereafter be permitted so to do.

I propose to make that amendment by striking out all of section 1 after the word "Provided," and making that section 2.

The CHAIRMAN. In other words, you leave in the provision granting registry to the United Fruit Co.'s steamers?

Mr. HUMPHREY. Yes.

The CHAIRMAN. And then specify others?

Mr. HUMPHREY. Yes; making that a separate section.

Now, Mr. Chairman, I want to explain briefly to the committee the purpose of this amendment.

SPEECH OF HON. W. E. HUMPHREY.

Mr. HUMPHREY. As far as I am personally concerned, I should prefer that we should not grant registry except to these fruit vessels at this time. The reason is because I think it is a wise safeguard for this committee to have an opportunity to pass on the condition of each particular vessel that makes application for American registry.

Mr. WILSON. Did not this committee pass a resolution at this session not to take up any of those matters?

Mr. HUMPHREY. No; we did not.

Mr. WILSON. I think we did.

The CHAIRMAN. Not exactly that.

Mr. HUMPHREY. We did not do anything of the kind. We passed a resolution not to give American registry to foreign wrecks that make application for the coastwise trade—an entirely different proposition.

The CHAIRMAN. That resolution was as follows:

Resolved, That it shall be the policy of this committee to decline to consider favorably any bill for conferring American registry upon a foreign-built ship wrecked on our coast or elsewhere.

Mr. HUMPHREY. Everybody knows that those wrecks wanted to engage in the coastwise trade. There is no use in confusing the issue by claiming that somebody is bound by that, because it is not true. A short time before that this committee passed unanimously a bill admitting to American registry foreign-built vessels for the foreign trade. There was not a dissenting vote in the committee.

As far as I am personally concerned, everyone knows that I have always voted against admitting foreign-built vessels to the coastwise trade, and will do so now. But there is no conflict between the two policies of admitting a foreign-built ship to foreign trade and not admitting a foreign-built ship to the coastwise trade.

I was going to say that, according to my own idea about it, I thought it would be better not to attempt to attach any general clause to this bill, because as it stands we will have an opportunity to keep control of the vessels that apply for registry, and know the character of the vessels, and have an opportunity to inquire into all the surrounding circumstances. I think it would be very much wiser therefore not to pass a general bill. But there seems to be a feeling in the committee that we ought to put in some general provision. For that reason I have offered this amendment, and I want to call the committee's attention to the difference between this amendment and the one proposed by Mr. Clark.

In the first place, this amendment limits it to a period of two years, so that we may have an opportunity to try the policy. If it is to be continued, it takes affirmative action, which, as you all know, is a very different proposition from putting the burden the other way. There will have to be affirmative action taken again if this policy is to be continued.

We have heard a great deal of talk about the free-ship policy. A great many men who are in earnest about it, and who have given the question a great deal of study, insist that it will be of some assistance in the building of our merchant marine. It seems to me that in this way we can give it a trial and find out. It will give an opportunity of demonstrating that they are right to the men who complain that free ships are the solution of the problem. My own judgment about it is that the only vessels that we will get will be vessels engaged in this near-by trade to Central America. If we give them two years' opportunity, at the end of that time it will be demonstrated whether or not it is of any value.

The objection that I have to the amendment offered by Mr. Clark is that under that amendment it might be possible for these foreign-built vessels, after being given American registry, to engage practically in the coastwise trade. Under the amendment offered by Mr. Clark, if I properly construe it, a British vessel could run from San Francisco to some other port, carrying passengers.

Mr. CLARK. Mr. Humphrey, will you let me interrupt you for just a minute?

Mr. HUMPHREY. Yes.

Mr. CLARK. Your bill provides as follows, you know, on page 1, lines 10 and 11, and we do not strike that out:

Provided, That the said steamships shall not engage in the coastwise trade of the United States.

So you have an express prohibition there.

Mr. HUMPHREY. You are right on that point, Mr. Clark. But the difficulty has been, as I am going to explain, and as you will probably recall, that the question arose over the passenger traffic. I will use that as an illustration, because we can understand it easier, and it is easier for it to be done. The question which arose, giving you the exact case, was this:

A Norwegian vessel ran from Seattle to Victoria, and at Victoria it unloaded its passengers. Another vessel was standing right there, either a Norwegian or an English vessel—the latter, I think. The passengers stepped off the Norwegian vessel, walked right across the wharf, got on to the English vessel and went on up to Alaska. And they sold through tickets from Seattle, via these foreign vessels, to ports in Alaska. So there were coastwise vessels and foreign vessels engaging in coastwise trade.

That question was brought up in our court in regard to the matter of freights. I would not undertake to state all of the facts accurately, and just exactly what was decided, without examining the case. But, anyway, Judge Hanford held that that was not a violation of the coastwise laws. That called forth the bill that I think is on the statute books now, in which this language that I have quoted was used for the express purpose of preventing it. That is my only object in using that language.

Mr. HARDY. If that is the law now, why reenact it?

Mr. HUMPHREY. Because it would not cover it unless you did do that. This language, as I have amended it, applies also to these fruit vessels. The fruit vessels undoubtedly would have the opportunity to do that very identical thing after the opening of the Panama Canal unless they were restricted.

Mr. HARDY. If your simple proposition that they shall not engage in the coastwise trade is put in, that will carry with it all the laws about the coastwise trade.

Mr. HUMPHREY. Yes; but the trouble about it is that the court held that in the case I have stated the people were not violating the coastwise laws. A foreign vessel can not now engage in the coastwise trade under the laws of our country, yet they did this thing, and the courts held that they were not violating the statute. That language seems somewhat verbose, I know, but it is the language which the department finally decided was necessary to cover this particular case.

Mr. FAIRCHILD. What case was it that we had before this committee, where some vessel on the Pacific coast asked for American registry? You know, we had several hearings here on the subject. Was that a freight vessel?

The CLERK. That was the *Andromeda*.

Mr. HUMPHREY. Yes; and I voted against that. They wanted to put her in the coastwise trade.

Mr. FAIRCHILD. Would not your action at that time be in conflict with your action at this time?

Mr. HUMPHREY. No; because they wanted to engage in the coast-wise trade, whereas this limits them exclusively to the foreign trade.

Mr. WILSON. But, Mr. Humphrey, taking the amendment of Mr. Clark to your bill, the bill simply provides for granting American registry to these United Fruit Co.'s vessels only?

Mr. HUMPHREY. Yes; that is all.

Mr. WILSON. The owners of them are all American citizens, I understand?

Mr. HUMPHREY. Yes.

Mr. WILSON. While Mr. Clark's amendment goes a little further and makes it possible to secure American registry for all American citizens who own foreign vessels of certain types?

Mr. HUMPHREY. Or who may buy them.

Mr. WILSON. Or who may buy them. May it not be said that the difference between the two bills is that yours applies specifically to one concern or company and Mr. Clark's applies to ships generally?

Mr. HUMPHREY. Yes; that is true.

Mr. WILSON. Yours is special legislation?

Mr. HUMPHREY. Special legislation in that particular

Mr. WILSON. And Mr. Clark's is general legislation.

Mr. HUMPHREY. In enacting special legislation, however, you are following what has been the policy of the committee heretofore.

Mr. CLARK. Mine provides "equal rights for all"; his confers "special privileges."

Mr. FAIRCHILD. Yours is "pernicious legislation."

Mr. HUMPHREY. In enacting special legislation (if this is to be termed "special" in a sense), we are following the precedents that Congress has always followed. That is the way any foreign vessel has been admitted to American registry—by special legislation.

Now, I want to say just a word in regard to the policy of this proposition. I have not had an opportunity to say anything upon that question.

My idea about granting American registry to these fruit vessels is simply this: In granting them American registry for the foreign trade we do not grant them a single privilege that they do not now have. They can not carry a single pound of freight, or run into a single port, or do a single thing, or have a single advantage, that they have not to-day—not one—if we properly safeguard this bill. If a vessel of this character and of this class comes and asks for the American flag and asks no privilege except the privilege of taking the flag, I have been unable to find any reason that I can give why it should not be granted.

Mr. SPIGHT. Then why should it not be extended to others, as provided by the Clark amendment?

Mr. HUMPHREY. I have stated a few moments ago my reasons for that, and I have not stated that I was opposed to granting American registry to foreign-built ships generally. In fact, as the captain knows, that provision is in a bill which I now have upon the calendar, and which this committee reported. A portion of the very identical language which I have used here is taken from that bill.

The CHAIRMAN. Did you not state on the floor of the House that even if that provision were enacted into law it would not add a single vessel to the American fleet of vessels?

Mr. HUMPHREY. No; I did not.

The CHAIRMAN. Did you not say you did not think it would?

Mr. HUMPHREY. No; I did not say that.

Mr. ALEXANDER. That is in the report, Mr. Greene.

Mr. HUMPHREY. I said I thought it would not add a single vessel on any of the long lines to South America or to the Orient. Neither do I think so, I have not any doubt that I am right about that.

Referring to the question that Capt. Spight asked, I will say that I tried to answer that a while ago. When you open up the matter by a general provision, you do not have an opportunity to investigate each particular vessel.

Mr. GOULDEN. Mr. Humphrey, suppose we did enact into law the amendment proposed by Mr. Clark; do you think it would add many vessels sailing under the American flag?

Mr. HUMPHREY. Yes; it will.

Mr. GOULDEN. What is your opinion about that?

Mr. HUMPHREY. It will add some vessels between here and Central America, and, in my judgment, not a single vessel anywhere else.

Mr. GOULDEN. There will be very few at that. There will not be a dozen.

Mr. HUMPHREY. Just one other thing on that point: As I said, I have been unable to find a single reason which satisfies me that we should not grant it.

The CHAIRMAN. You mean to the United Fruit Co.?

Mr. HUMPHREY. Yes.

The CHAIRMAN. I should like to say something in reply when you get through.

Mr. HUMPHREY. There has been a good deal of insinuation here in regard to the motives of the fruit company. I do not know anything about the motives of the fruit company, but I want to say most emphatically that I am one man who still believes that there are some people in this country who are inspired to a certain extent by patriotic motives. I still have enough confidence in the people of the United States to believe that there are some men in this country who, if they could, all other things being equal, would prefer to have their ships under the American flag.

Mr. SWASEY. Mr. Humphrey, will you allow me to interrupt you?

Mr. HUMPHREY. Yes.

Mr. SWASEY. Their patriotism seems to be a growing patriotism. Their first request of the committee was to admit 13 ships. That was only a year ago. Now they come in with 17 that have either been bought or are in process of construction. The more ships they have, the greater their patriotism seems to be.

Mr. HENRY. If I may interrupt you right there, that application was accompanied by a pledge to build a certain number of vessels in American shipyards.

Mr. SWASEY. I know, but 13 was the number they asked for.

Mr. HENRY. In case that permission was granted, they proposed to build others.

Mr. SWASEY. I understand; but they went on building others in foreign yards.

Mr. MAYNARD. Their present application, however, does not contain any pledge to build any in American shipyards.

Mr. HUMPHREY. Let me finish what I started to say.

Mr. FAIRCHILD. I should like to ask you whether the United Fruit Co. is not in competition with the Atlantic, Gulf & West Indies

Co., and whether the Atlantic, Gulf & West Indies Co. (which runs a line of boats down to Porto Rico, and so on down, practically in competition with this line) would not be entitled to practically the same privileges as the United Fruit Co.? The Atlantic, Gulf & West Indies Co. has built all or most of its boats, as I understand, under the American flag. Most of them were built in this country. Would it be fair to that company to grant this special privilege to the United Fruit Co., in view of the fact that the Atlantic, Gulf & West Indies Co. has been obliged to build its boats in American shipyards?

Mr. HUMPHREY. I think that is an entirely fair question, Mr. Fairchild. I have investigated that matter as carefully as I could; and I want to say emphatically that if I believed that by the admission of these vessels to American registry there would be increased competition against a single American vessel, I should be opposed to it. But instead of these vessels having an advantage if they get American registry, if we are to believe the testimony before this committee, they will assume a little additional burden. They will have to put on American officers, which is going to cost them a little bit more, and will not in any way increase the competition with the vessels that are running against them. If it would do so I should be opposed to it.

The CHAIRMAN. They are at liberty to do as they please with their vessels after they get American registry. They could run where they pleased, could they not?

Mr. HUMPHREY. No, sir; I tried to make that plain a moment ago. They would not run into a single port or receive a single privilege that they have not to-day; not one.

The CHAIRMAN. They can run now to any port they please, can they not?

Mr. HUMPHREY. Certainly they can; and after they get American registry they can not run to any other. I want to make that point plain. There seems to be an impression existing that this bill intends to give these vessels some privileges they do not have now. It does not.

Mr. WILSON. It certainly does.

Mr. HUMPHREY. It does not, except the privilege of carrying the flag, as I pointed out.

The CHAIRMAN. When you get through, I want to say something.

Mr. FAIRCHILD. My understanding is that the bill will give to the United Fruit Co., when its vessels fly the American flag, the protection not only of their boats but of their business by the American Government. For instance, they have very large interests in Jamaica, and so on.

Mr. HUMPHREY. Costa Rica, etc.

Mr. FAIRCHILD. They have great, big hotel properties down there. I have been down there; I have gone through their property. When they put the American flag upon their boats, and we give them American registry, we will practically be protecting all their interests.

Mr. HUMPHREY. Yes; in that respect they have an advantage.

Mr. FAIRCHILD. That is an advantage.

Mr. HUMPHREY. They have an advantage in having protection; but they have no—

Mr. BARCHFELD. They have that protection now, as American citizens doing business in foreign countries.

Mr. FAIRCHILD. When their boats and interests are under a foreign flag?

Mr. BARCHFELD. Yes, sir; yes, sir. It is an American corporation.

Mr. HUMPHREY. Let me answer Mr. Fairchild's question, because he is asking questions that I think are fair and ought to be answered.

When you state that they have some advantage, that is correct. They do have additional advantages. But I use the word "privileges." They have no additional privileges. In other words, they can not run into any particular different ports; they get no additional trade; their competition against American vessels is not increased in any particular. But they do have a political advantage, which is a very great advantage to them. And as I said a while ago, while I believe there are some men who are still inspired by patriotic motives, yet I do not contend that they come here for that reason, but that the political advantage is what inspired them to come in here.

Now let me say one other word in regard to the fruit company. I am not defending them. I hold no brief for them. But let me say this much in their favor; they are the first company that ever offered to put their vessels under the American flag. They made that offer over two years ago, or about two years ago, and it was published generally. They wrote to me, and put it in writing, so that there might not be any misunderstanding about it. And they stand here to-day, up to this hour, as the only company in the world that has ever made that offer.

Mr. HARDY. Mr. Chairman, I should like to make a suggestion to Mr. Humphrey.

Mr. HUMPHREY. That amounts to something. We hear these gentlemen talk, and they say they will do these things; but this is what happened when we were holding our meetings throughout this country. Capt. Spight was on that commission, and he remembers this as well as I do. I was just referring to the fact, Captain, that this was the first company that ever made this offer. They are entitled to some credit for that. You recall, doubtless, when we were holding our meetings all throughout this country, that we asked practically everybody that appeared before our commission if they were willing to build ships in American yards and run them in the foreign trade. They were also asked the question whether they would take foreign-built vessels and run them in the foreign trade under the American flag, and they all answered "No." This is the first company that has signified a willingness to do so, and I think they are entitled to some credit for it. When they come here and make this definite offer I do not think these people who simply talk up in the air ought to be here playing the part that they are. If they want it let us give them an opportunity to do it.

Mr. HARDY. Will the gentleman permit me to make a suggestion, in the nature of a question?

Mr. HUMPHREY. Yes.

Mr. HARDY. Capt. Randle was asked what advantage would be given these ships by being put under the American flag. He tried to figure out what it would be, and the only advantage he suggested or could suggest—I asked him the question—was that they would be relieved of the tolls for going through the Panama Canal; and he figured that up to be an immense sum. When these gentlemen said they did not want that advantage, and were perfectly willing to leave

themselves subject to that toll, it left him without being able to suggest one single advantage.

Mr. HUMPHREY. They do have the political advantage. There is no question about that.

Mr. HARDY. I mean a pecuniary advantage.

Mr. BARCHFELD. Let me state right here that Capt. Randle's statement before this committee was positively asinine. He said that these 17 vessels coming under American registry would cost this corporation \$125,000 more a year to operate under American regulations than under British regulations. His subterfuge was that they would save \$800,000 in tolls in going through the Panama Canal. The interests of the United Fruit Co. lie wholly in the Republic of Panama, in the Republic of Colombia, in the Republic of Costa Rica, in Guatemala, in Honduras, in Cuba, and in Jamaica—all on the eastern side of the Western Hemisphere—so they have no interest in getting into the Pacific Ocean.

Mr. HARDY. That is the very proposition I put to him when he was on the stand.

Mr. HUMPHREY. Just one further word. As I have said, while they do have an advantage, it extends to them no additional privileges as far as I have been able to understand. Then there is this one additional thing that they did, that may not amount to anything on their side. I do not know, I am not connected with shipping, and do not know. But that portion of the bill which says that they shall give their vessels to the Government in case of war was made voluntarily on their part, without any suggestion from me. Mr. Ellis offered that of his own free will. When he came back he suggested that that go in. He said: "We want to turn them over to this Government in case of war." Is not that worth something? Here are these 17 vessels, the first that have ever offered to go under the American flag. Is it not worth just a little bit of something, just at this time, to get 17 vessels of that character that could be used in case of war? They can talk about these vessels being slow, and not being useful for that purpose; but that is misleading. You take the transports we have to-day: Their average speed is less than nine knots. These vessels have a speed of about 12 knots or a little more. They are of a character that is especially designed for carrying food, for the purpose of carrying a limited number of troops, for the purpose of carrying supplies, for the purpose of carrying coal, and in an emergency they would be of very great value.

I have in my possession—and wish I had brought it over to read to you gentlemen—a letter over the signature of the Secretary of the Navy, in which he says that it is impossible to take our battleship fleet from the Atlantic Ocean around to the Pacific without the use of American ships. Suppose we should have an emergency. Would not these 17 vessels amount to something? And can not this committee afford to make a little bit of concession for the purpose of knowing that we have them, even if we never use them? No man hopes more than I do that we never will; but can we not afford, even if they do have a little advantage somewhere, to let them have it when we have this advantage in return? I see none under heaven that they will get except the political one, which we ought to extend to them anyway, because they are American citizens. But can we not afford to give them just a little advantage, if they will have it, in order to have that

assurance that we will have available a fleet of 17 modern vessels, better than any that we used in our War with Spain?

That is why I am in favor of this bill, and I think it ought to pass. My amendment makes restrictions that Mr. Clark's does not. It restricts them so that they can not get into the coastwise trade, and it restricts them as to the Panama Canal. Mr. Clark, do you construe yours as keeping them out of the Panama Canal—from having the benefit of any tolls or advantages in the Panama Canal?

MR. CLARK. Yes. We strike out that language, you know. I think it leaves them just in the same attitude with reference to the Panama Canal as it does foreign ships.

MR. HUMPHREY. I know; but do you not really think, Mr. Clark, that if these vessels should come under the American flag and be under the American flag for three or four years and the canal should then be opened there would be a tendency to give these vessels an advantage that foreign vessels should not have unless there is a restriction in the bill? I am inclined to think there would. I think if you once get them under the flag there would be a tendency to give them those advantages unless there was a restriction in the bill. That is my purpose in offering this.

MR. ALEXANDER. You limit to two years the time in which these vessels may be admitted to American registry. Why not make it five years? I simply wish to make that suggestion.

MR. HUMPHREY. Judge, do we understand each other? I limit the time in which they can be registered to two years. That will give them two years in which to be registered. It is not the time in which they shall be constructed.

MR. ALEXANDER. I did not catch that. I thought it gave them two years after the passage of the act in which to build vessels.

MR. HUMPHREY. No, no. I mean that this amendment gives the Commissioner of Navigation, for a period of two years, the right to register any vessel that is not more than 4 years old.

MR. ALEXANDER. That would be true as to vessels already constructed or that might be constructed within two years hereafter?

MR. HUMPHREY. Yes.

MR. ALEXANDER. But my suggestion was that you make it five years, for the reason that I think we all agree that if foreign vessels are to be admitted to American registry we prefer new ships rather than old ships, and it would be preferable to have ships hereafter constructed than to have those constructed within the last five years. That was my only suggestion—that the time be extended to five years. That would give ample time in which to make this experiment and to ascertain if it is true that if these privileges are granted to American citizens to invest in foreign-built ships they will do so. That is all, I think, any of us want. I do not suppose we want to do more. I am sure I should like to see a good-faith experiment made along this line. If it is a failure, then there is only one course open to us.

MR. SPIGHT. You mean to offer an amendment now, or to move a substitute, by striking out "two years" and inserting "five years?"

MR. ALEXANDER. That is all I suggested.

MR. HUMPHREY. I do not want to take up too much time; but I want to explain to the gentlemen of the committee my purpose in offering this amendment. It is because I do not think Mr. Clark's restrictions go far enough. That is my purpose, and for that reason

I shall support it—because I think that the majority of the committee think that there ought to be a provision of that kind. I would rather see it so that we could take up each particular case and pass upon it. But my object in offering this amendment is with the hope that if we make a general provision, it will contain these restrictions.

Mr. HARDY. Let me say one thing by way of amendment to your proposition. You have incorporated there a penalty which forfeits the cargo of these vessels in case of violation of law.

Mr. HUMPHREY. That is exactly the provision in the coastwise law. It is the language of the present statute.

Mr. HARDY. I do not like that, really.

Mr. HUMPHREY. Judge, do you think two years would not give sufficient time to build vessels of this character?

Mr. ALEXANDER. I think not.

Mr. HUMPHREY. How long a time does it take, Doctor, to build an ordinary seagoing vessel?

Mr. BARCFELD. About 18 months.

Mr. ALEXANDER. I think a period of five years would be better.

Mr. GOULDEN. Why do you not make it four years?

Mr. HUMPHREY. We ought to put a limit on it.

Mr. ALEXANDER. I am perfectly willing to have it.

Mr. HUMPHREY. What would you suggest?

Mr. ALEXANDER. I would suggest five years instead of two; that is all.

Mr. HUMPHREY. If you will agree on four years, I will accept it.

Mr. ALEXANDER. Very well; that is all right.

Mr. GOULDEN. Make it four years, and it will be all right.

Mr. HUMPHREY. I accept the change of "two" to "four," Mr. Chairman.

Mr. GOULDEN. So the bill is amended to read "four years."

The CHAIRMAN. If Mr. Wilson will take the chair, I should like to say a word.

(Mr. Wilson then took the chair as acting chairman.)

SPEECH OF HON. W. S. GREENE.

Mr. GREENE. Mr. Chairman and gentlemen of the committee, it strikes me that this proposed legislation granting registry to the United Fruit Co. is very unwise indeed, and I will give my reasons for it.

I have made some investigations, though not as full as Mr. Humphrey's, and not at all influenced by anything the United Fruit Co. have said to me, for they have not been near me, and they could not influence me if they came to me unless they gave me pretty good reasons. This company has not invested a single dollar in an American ship, nor, so far as I know, in repairs in any American shipyard, since it was organized. They have just started up a very profitable industry, for which they are entitled to a great deal of credit. They have an industry in these various locations to the south of us where revolutions break out in a night, and they undoubtedly want some kind of protection. I do not know that I am correctly informed, but I understand that they had some threats made to them in some ports in which they have been located, which some of their Norwegian vessels were visiting, and that they went to the State De-

partment as American citizens and desired special protection for their property and their vessels. They were told that their vessels were under the Norwegian flag, and the place for them to go for anything that they needed in the way of protection was to the Norwegian Government. That was practically telling them to go out and get a piece of paper to defend them in time of war.

I am very much opposed to this proposition, because when you put the flag on these vessels it puts the United States in the position of defending this company, which has made millions of money and been very successful. It puts the United States in the line of defending them on the sea and on the land. If we have got to defend them on the land now, we will defend them; but do not let us take on any added responsibility for this company, which, so far as I know, has shown no interest in the United States Government except for the amount of money it could get out of American citizens. It is a proper thing, of course, for a man in business to get as much money as he can out of his business; but let him get his protection where he spends his money.

These people have built all of these vessels outside of American shipyards. They have been of absolutely no benefit at all to our shipyards. They are in what is known, I think, as "the fruit trust." I am rather suspicious of that word "trust." I do not know the extent of their business, or whether it is really a "trust" or not. But it is called a "banana trust," a "fruit trust," and everything else of that kind. Whatever it may be, I do not know. But I would not for one moment consent to putting the American flag on the vessels of the United Fruit Co., and putting the United States in the position of being obliged to defend those foreign-built vessels that have not a nail in them driven by an American workman.

If you grant this privilege, sir, let me tell you that every American workman in the United States will denounce the legislation. I am quite familiar with the ideas of American working people; for I have lived among them all my life. Whether they are shipbuilders or whether they are not, they will denounce the legislation as utterly improper and unjust toward them.

As to the claim that they will be ready for use in case of war: Capt. Crowley, who has been in the vessel business all his life, who has heretofore had sailing vessels, but recently has gone into steam colliers, has shown me some pictures of his steam colliers. They are vessels built under the American flag, that do not ask any advantages outside of what comes from the coastwise trade. Their vessels are all ready for use in case of war. I am told that if there was a war these fruit vessels would have to be altered to such a great extent that it would mean large expense and great delay. Therefore they would not be available for an immediate war. They might be available for a war that we knew might happen sometime in the future.

Mr. HUMPHREY. That is true as to all our vessels, is it not?

Mr. GREENE. It is not true of Capt. Crowley's vessels. They are all ready now to carry coal. They are built to carry coal. Then we have a large coastwise fleet on the Lakes, consisting of vessels specially constructed for carrying coal, supplies, and merchandise of all kinds, which, in case of war, would be available by purchase, if not available in any other way. These would be available by purchase for use by

the United States Government, and would be immediately serviceable. These vessels were all constructed in American shipyards, built by American labor, and manned, as we have been told here, on one side by foreign crews and on the other side manned largely by American crews. However that may be, there is no benefit to the United States in granting this right to the United Fruit Co. This great corporation comes here and asks for it because it thinks it is an advantage to it, and it certainly is. It puts the United States behind them in all their efforts to increase their trade.

My friend Mr. Humphrey says it gives them no more advantage than they have under the foreign flag.

Mr. HUMPHREY. "Privilege," I said.

Mr. GREENE. Well, "privilege." I am not a lawyer, and I do not pretend to know the fine distinction between "privilege" and "advantage." I am not a lawyer; I am simply a plain, blunt citizen, and as such I am opposed to this proposition. I am opposed to having at this late time in an expiring Congress, such a bill come before the House of Representatives as sent out from this committee. I think it is wrong for us to do it. I know it can not be enacted into law at this session, and I do not want this committee to put itself on record in any such way.

I am very sure, from my knowledge of the men who organized the United Fruit Co.—they come from right up in my section—that they showed a good deal of business enterprise, but absolutely no patriotism. Do not let the word "patriotism" come in here. There is absolutely no "patriotism" about it. It is a pure, cold-blooded, downright business proposition. When they come here and ask to have the Stars and Stripes put on their vessels, I believe there is a sinister motive in it; and I can not get it out of my mind. They may fool Mr. Humphrey, but they can not fool me. I can not be fooled in any such way. I must say I am surprised to think that a man as cute as he is, and as vigorous as he has been in defending the American ship, should be drawn into such a tangle.

Mr. HARDY. I thought it was the American flag you had been defending—not the American ship, especially.

Mr. GREENE. I am in favor of the American ship.

Mr. HARDY. You do not care about the flag?

Mr. GREENE. Yes, I do, sir. Yes, I do. I have always stood by it, and my fathers before me. I can look back to my early days, when I was but a month and a day old, when my father was made the captain of a military company—captain of the first military company that left the city in which I lived. At the age of 50 he was made captain of the first military company of the Civil War. I am a true believer in the American flag, and in American shipbuilders, and in American labor. I am opposed to everything that has the smell of foreign labor, foreign work, coming in here and obtaining any advantage from an American Congress.

Of course, if the next Congress sees fit to grant this, I suppose I can not complain, as they will assume the responsibility. But I am opposed to this Congress granting it, and will oppose it with all the ability I have.

I am opposed to this special proposition as a general policy and also because I am satisfied that it is not through any love of country, not because of any love of the flag, that they come here now, for they

have not in the past shown a particle of such sentiment. They have not, in my judgment, shown as much American blood as you could put on the point of the finest cambric needle. I believe it is clearly and purely a selfish, downright business proposition, that ought to be condemned by any man who has a drop of red blood in his veins. I have heard my friend Humphrey talk so much about a "drop of red blood in his veins." He is the man who ought to condemn this legislation. Whether I am alone on the committee or with the majority, I will oppose it to the last breath; and I hope this committee will have the patriotism (if you want to show patriotism) to stand up and brand this proposition just as it ought to be branded.

Now, in regard to the general proposition: I think it is too late to take up a proposition of that kind, because I think no legislation should be put through a committee in this manner without some notice to the people who are interested in it. I do not think this kind of general legislation, affecting the free-ship policy, should be rushed out of this committee. It should be the subject of some consideration and some debate. I am willing to debate it as long as this Congress lasts, or as near that time as possible. If after fair consideration and due notice to the parties interested, it is finally determined by this committee to favorably report a general "free-ship" bill, I will withdraw my opposition to it. But I should be very bitterly opposed to it to-day, because I think it is not proper; I think it is unwise; and I think it ought not to be even suggested at this hour without opportunity for consideration.

But I am utterly opposed to giving this special advantage to the United Fruit Co., because I do not believe in giving special privileges. I would give special advantages to the poor, but not to the rich, because they do not need it. This corporation does not need it. They want it for a selfish purpose, and they want it for the very purpose of taking the lifeblood of the American sailor and the American soldier to defend them in property that they have accumulated out of the prosperity of the American people. Having accumulated that money out of the prosperity of the American people, they ought not for one moment to come here and ask us to grant them a single privilege.

My friend Mr. Swasey made the point that the last time they came here they had 13 vessels. Did they build these other four in an American shipyard? Did they go to an American shipyard and ask them what they would build them for? No. They went outside of this country, and built their vessels in foreign countries. They never put a penny of American money in an American shipyard except possibly for repairs, or called for the driving of a single nail here.

MR. ALEXANDER. Mr. Greene, will you permit me to ask you a question?

MR. GREENE. Certainly.

MR. ALEXANDER. Has not the statement been made here time after time by the general manager of the Newport News Ship Building Co., the Cramps, and the Fore River people, that it would cost from 40 to 50 per cent more to construct a ship in an American shipyard than in a foreign shipyard?

MR. GREENE. Yes, sir.

MR. ALEXANDER. If that is true, what inducement was there for the United Fruit Co. to ask them for a bid?

Mr. GREENE. I will tell you.

Mr. ALEXANDER. Have they not disclosed now for the first time that they could compete with foreign builders?

Mr. GREENE. I will reply to that.

Mr. MAYNARD. Mr. Greene, one minute, please: Did not the representative of the Newport News Ship Yard arise here the other day and say that they were now in a position to compete?

Mr. GREENE. Yes; I was just going to answer that.

Mr. ALEXANDER. It is the very first time.

Mr. HUMPHREY. We never heard it before, though.

Mr. GREENE. You never heard it before, and you never heard of this proposition before.

Mr. HARDY. In connection with that, the representative of these other people said: "If you will let us know that, we will give you a show next time."

Mr. GREENE. That is all right, but the point is here. It is clear that these American shipyards had not had the opportunity of getting experience in construction until the United States Government, by its prosperity, was enabled to increase the United States Navy, and gave to these shipyards vessels to construct. That enabled them to gather together mechanics, and also to provide the proper materials for the construction of ships. The Fore River Shipyard has built vessels for the Argentine Republic under contract as against foreign shipbuilders. The time may be dawning now when they can compete—and it had better dawn to something of that kind than to such disgraceful action as this. Let us have a dawn of American shipbuilding, and not a dawn of giving this advantage to a wealthy corporation, that has accumulated wealth and has not given a single penny to the United States Government nor tried to do anything for the United States Government except for its own selfish purposes.

I hope the legislation will not be passed.

(Mr. Greene then resumed the chair.)

SPEECH OF HON. JOHN P. SWASEY.

Mr. SWASEY. Mr. Chairman, I do not want to detain this committee, but we had better postpone the matter to a later hour in the day. I think this is the most important question that has ever arisen before this committee since my connection with it. It is a far-reaching proposition. It is not confined to the United Fruit Co.'s vessels alone, but if this bill should pass this committee and be reported to the House, in my judgment it would be the worst blow that could be dealt to the American shipbuilding interests in this country.

If a general free-ship bill is to be passed, let somebody else take the responsibility of passing it. But do not let a Republican Congress send out an advertisement to the American people, who are interested in the rehabilitation of our merchant marine, who are greatly interested in and anxious for the resumption of large shipbuilding in our yards, that we are apologizing, by our action here, for the incapacity of our shipbuilders to compete with foreign yards.

The very action that this committee took upon the refusal of admission to American registry of the *Andromeda* had a wide influence. Men have appeared before this committee during these hear-

ings and stated that the fact that this committee had declared itself in opposition to granting American registry to foreign-built ships had given them new courage and had caused certain vessels to be built.

Now, Mr. Chairman, upon the general policy—a policy that we have tried to adhere to—we have been hoping, almost against hope, that something would be done by Congress to relieve the shipbuilding interests of this country, even in self-defense, as against the encroachments of foreign shipbuilders. That has been the only hope of this lingering death of our shipyards throughout the length and breadth of this country. The Committee on Merchant Marine and Fisheries has declared, or is understood to have declared, that its consistent and continuing policy should be not to admit to American registry foreign-built ships, but that we were waiting in the hope of a resuscitation of American shipbuilding. Upon that hope they have existed, and have struggled along under all adverse circumstances. At this late day, when a Republican Congress is to be turned over in three weeks or less to a party of a different faith, and possibly different policies—for an out-going Congress that has declared its purpose and has stood upon the platform of guarding and protecting American shipbuilding and shipbuilding interests and shipyards to thus reverse its policy would be a matter of widespread concern and of widespread influence. And I, for one, am not willing to allow it to be done if by any protest of mine it can be avoided.

Talk about patriotism! We are all patriotic when we want the benefit or encouragement or security of the American flag. What do we know about the extensive interests of the United Fruit Co.? It is marvelous to hear the history of that growing concern. Talk about its being confined to the Atlantic side of the Panama Canal. There is no possibility of confining those men, with their energy and with their accumulation of wealth and with their means, to any particular side of the South American end of our continent. We do not know where they will spring out. We do not know where their railroads will run. But you give them American registry, they can come before the committees hereafter, and say: "We are sailing under the American flag." You may limit it, but your amendments here are nothing but straw amendments. They amount to nothing as far as future legislation is concerned.

Mr. ALEXANDER. Mr. Swasey, will you let me ask you a question?

Mr. SWASEY. Yes, sir.

Mr. ALEXANDER. I agree—and that was my notion in the first place—that the impelling motive that induces these people to ask to come under the American flag is the direct benefit to them. But this is a New Jersey corporation; and under the provisions of their charter they may not only build and operate ships, but they can engage in the fruit business, build railroads, buy plantations, and so on. They have a wide scope of interests. They are American citizens. This is American capital.

What I want to ask is this: If they have plantations in Central America, if they have railroad interests in Central America, and those interests are imperiled, will it not devolve upon our Government to protect them as American citizens in their investments there, aside from their vessels that are under the foreign flag? Suppose they did not choose to operate the vessels at all; these other investments are

independent of their vessels, and as American citizens they are entitled to protection just the same. Are they not?

The CHAIRMAN. May I ask the gentleman a question?

Mr. ALEXANDER. Yes.

The CHAIRMAN. I should like to know if they are not entitled to it now as American citizens, without granting this registry?

Mr. ALEXANDER. I think they are.

Mr. HARDY. Yes.

Mr. SWASEY. They are entitled to it as American citizens, whether they operate ships or not. That is the general right that they have as American citizens—the protection of their property in foreign countries. But here is a special request for registry for a certain number of steamers, and they do not put it altogether upon patriotic grounds. Their attorney said here in the examination that he thought the matter of patriotism under the flag was too trivial a matter to be considered, but that they did it for another purpose—because they wanted the flag. I can not see the difference there. It is a distinction rather than a difference. I can not comprehend it. But what do they say they will give us in return for this privilege of having the American flag?

The American flag, with its 48 stars, means something in every foreign port of the world. It is an advertisement for any business. With the American people behind it, and the wealth of America to support it, it is worth something. But what do they say they will give us? "Oh, you can take these little freighters of 11 or 12 knots speed in time of distress, in time of emergency, in time of war."

What are they worth? They are not worth so much as a barge in a hurried trip across the ocean. What will they do when your warships are in line of battle? They can not follow a single warship a single mile. What is their condition and their construction? Instead of being like the steamers that have been mentioned by the chairman here, made in American yards, with ten opportunities to load with coal, 10 hatches, what do these vessels have? They are built with compartments, with refrigerator accommodations.

The CHAIRMAN. It has been suggested to me that there are 24 hatches in some of those steamers.

Mr. SWASEY. They testified that there were 10 or 11. Now, there is the distinction. There is the proposition that I desire to impress upon the committee. We are living under the flag. We are trying to do all we can in every Congress for the American flag and the rehabilitation of the merchant marine. If you keep peddling out that flag to these illy-constructed colliers or transports, where will you American shipbuilding industry go to?

Mr. MAYNARD. It has already gone.

Mr. SWASEY. Already gone? Yes; but there is still hope; and men in the shipyard business come here and testify that they are building American ships at American yards, manned with American officers.

Mr. HARDY. You have been trying to do something for them for 40 years, without success.

Mr. SWASEY. Yes, for 40 years. Mr. Dingley and Mr. Frye for 30 years have put in bills at both ends of the Capitol, for rehabilitating the merchant marine; and where have they been stifled and beaten? They have passed the Senate every time, but when they got down to the House, where have the Democratic minority been? Where have

the Middle West Republican Representatives been? Have they passed a single bill to aid American shipping? Have they given it a word of encouragement? Have they aided it in any way? Every time they have come here and asked for aid, such as other nations have given, without questioning the theory or discussing the theory, they have been put upon self-defense. They have gotten a black eye every time. And now if you want to distribute the benefits of the flag, if you want to carry in foreign bottoms every dollar's worth of exports or imports of American commerce, keep on with this policy, and we shall be a nation by ourselves.

Mr. GOULDEN. Will my friend Swasey allow me to interrupt him right there?

Mr. SWASEY. Yes, sir.

Mr. GOULDEN. I know he wants to be correct. In the Fifty-ninth Congress this committee passed out of it, and passed through the House, a bill for the rehabilitation of the merchant marine under a subsidy, and it failed in the Senate. Do not charge all the sins to the House.

Mr. SWASEY. I beg your pardon, if that is true; that is correct.

Mr. ALEXANDER. Do you call that a sin?

Mr. GOULDEN. He calls it a sin. I call it a good thing.

Mr. SWASEY. Have you ever known such a bill to pass the House in any other Congress?

Mr. GOULDEN. No; not since I have been here.

Mr. HARDY. I think the passage of that bill was on a sort of a ship of some kind.

Mr. HUMPHREY. Brother Goulden did not vote for that bill, either.

Mr. GOULDEN. No; and I think some other gentlemen did not vote for it.

Mr. SWASEY. Mr. Chairman, I do not care to go into the details of the discussion of the length, breadth, beam, or tonnage of these vessels at all. There is a question of more importance behind them than the simple question of special legislation in letting in these 17 vessels. When they came here before with 13 vessels, if they had said, "We will build these four additional vessels in American ship-yards," they would come here now with consistency.

Mr. HUMPHREY. Has this company been here before? I was not aware of it if it had.

Mr. SWASEY. You put in a bill for admitting 13 vessels of the United Fruit Co.

Mr. HUMPHREY. When?

Mr. SWASEY. Did you not do that?

Mr. HUMPHREY. No. This is the only bill I have introduced. I have heard that statement made.

Mr. SWASEY. Am I mistaken about it?

Mr. HUMPHREY. It may be true, but I never heard of it.

The CLERK. They have never had a bill before the committee before.

Mr. SWASEY. Not a bill; but was not a suggestion made by Mr. Humphrey, and did you not provide a bill that is pending in the House—

Mr. HUMPHREY. No; that is a mistake. I do not know where you got that idea from.

The CHAIRMAN. You made the statement on the floor that they were ready to put 13 ships under the flag.

Mr. HUMPHREY. But since that time they have built these others.

Mr. SWASEY. But I say, without discussion of the special legislation, the atmosphere that will be created by passing this bill out of the committee at this stage of Congress will be interpreted throughout the country as meaning that we who have stood up for the ship-building interests and for the rehabilitation of the American merchant marine (not of foreign merchant marine) have abandoned our policy and have accepted something else.

Mr. WILSON. Mr. Chairman, I see it is now after 12 o'clock, and I know that there are one or two members of the committee who want to speak on this measure besides myself. I do not see that there is any chance of getting a vote on it to-day—at least before the House convenes—and I move that we adjourn.

The CHAIRMAN. Until when?

Mr. CLARK. Mr. Chairman, before that is done let me suggest that we agreed at the last meeting to dispose of this matter to-day. Let us just take a recess until this afternoon sometime, when we can close it up.

Mr. WILSON. We have a very important bill up to-day that will take all day.

Mr. CLARK. The apportionment bill—yes.

Mr. WILSON. I do not think we could go over this matter this afternoon.

Mr. CLARK. Suppose we take a recess until half past 10 to-morrow morning. How will that do?

Mr. HARDY. I think we all know what we want to do now.

Mr. HUMPHREY. I do not think it makes any particular difference whether we take a recess until to-morrow morning or not. We can not get the bill through anyway. They have taken enough time on it now to kill the bill.

The CHAIRMAN. We have only killed just this one day.

Mr. CLARK. I think we had better adjourn over till to-morrow.

Mr. MAYNARD. I was very anxious to get a vote the last time the committee met, and the committee was anxious to put it off.

Mr. CLARK. What do you say to meeting at 10.30 o'clock to-morrow morning?

Mr. MAYNARD. I warned them of that very thing. You state now that you are putting it off until you can not pass the bill.

The CHAIRMAN. Do you want to postpone it until 10.30 to-morrow morning?

Mr. CLARK. That is my idea.

Mr. BARCHFELD. Mr. Chairman, I am going to Pittsburg to-night.

The CHAIRMAN. Why do you not pair with some member of the committee?

Mr. BARCHFELD. I will pair.

Mr. HUMPHREY. But will anyone pair with you?

Mr. HARDY. I should like to know if there is any member here now who is not ready to vote on this bill?

Mr. CLARK. I do not want to take further time on it.

The CHAIRMAN. I am ready.

SEVERAL MEMBERS. I am, too.

Mr. ALEXANDER. I should like to make a speech, but I am going to waive that privilege.

The CHAIRMAN. I think it ought to be discussed.

Mr. SWASEY. Mr. Chairman, I do not think that is fair to other members of the committee, like Mr. Fairchild and others. who want to speak on it.

Mr. FAIRCHILD. I think this is a most important proposition, and I should like to have a few minutes.

Mr. HUMPHREY. Could you not arrange with some one to pair with the doctor?

The CHAIRMAN. He wants to say something.

Mr. WILSON. The doctor wants to talk on it, and he will be back Tuesday, he says. So long as you can not get it through at this session anyway——

Mr. GOULDEN. You do not know about that. Let us try and find out.

Mr. FAIRCHILD. You are going on the assumption that the bill is going to be reported.

Mr. ALEXANDER. I do not know about that. We do not know what its fate will be.

Mr. FAIRCHILD. But he says you can not get it through at this session.

Mr. GOULDEN. If reported, it would be——

Mr. FAIRCHILD. I think it is very apparent that you have the votes here to report this bill.

Mr. GOULDEN. Let us see if we have. You will not change it by any speechmaking.

Mr. FAIRCHILD. It seems to be right in line with the trend of the times for the Republican party to go over to the Democrats.

Mr. GOULDEN. I think the country gave you warning about that.

The CHAIRMAN. After you take possession on the 4th of March you can do as you please in spite of us; but you can not do it now.

Mr. CLARK. Let us have a vote, Mr. Chairman.

Mr. SWASEY. I move, Mr. Chairman, that we take a recess until to-morrow morning at half-past 10 o'clock.

(The motion was carried; and the committee then adjourned until to-morrow, Friday, February 10, 1911, at 10.30 o'clock a. m.)

AMERICAN REGISTERS FOR CERTAIN STEAMERS.

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,
HOUSE OF REPRESENTATIVES,
February 10, 1911.

The committee met at 10.30 o'clock a. m., Hon. William S. Greene, chairman, presiding.

The committee thereupon went into executive session for the purpose of further considering the bill (H. R. 31689) to provide American registry for certain steamers, and the following proceedings were had.

STATEMENT OF HON. GEORGE W. FAIRCHILD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK.

Mr. FAIRCHILD. Mr. Chairman, I consider this matter one of the most important that has come before this committee. I am opposed to the bill of Mr. Humphrey for the reason that I believe it is a step in the wrong direction. I have been a member of this committee now for several years, and we have had at different times matters before us looking to the admission of foreign-built vessels to American registry, and in every instance, as I recall it, we have refused to grant American registry to any vessel that was either principally or wholly built abroad. It seems to me that if we lower the bars at this time, giving these vessels of the United Fruit Co. American registry, we can not stop there, and that we must recognize the claims of other companies. I think that the great question that enters into this proposition is the question of protection to our home industries. Now, I am a high protectionist. I think in that I differ from some of my Democratic friends on this committee. I think that we are all patriots; we all want to do what we think is best for our country; but we look at things in a different way.

I was brought up, early in life, as a mechanic. I learned a trade, and I think for that reason that I have always taken a greater interest in workingmen than the average man would take. I commenced going abroad about 20 years ago, and as my field broadened I commenced to take an interest over there in the welfare and conditions of the workingmen of Europe. In the last 20 years I have been abroad not less than 20 times, and there is not a country of Europe where I have not personally investigated the conditions of the laboring men, because my natural trend was in that direction. I have been interested in him. In Great Britain, too, I have been to the shipyards in Glasgow, I have seen the conditions that exist there, and I should hate to think that we would ever have to come, or our workingmen would ever have to come, in open competition with men who work for the wages that those men do over there, or

men who live as they do. The same is true of conditions in Germany. In the countries of Europe I have been, with an interpreter, time after time, to the homes of workingmen. I have a great mass of manuscript that I have prepared, covering all these matters, and it is because I know the conditions so well, the absolute, actual conditions of the workingmen abroad, and know what they have to work for, how they live, how they are hemmed in and kept down by their surroundings, that I am a protectionist, and I believe every man on this committee, if he had had my experience and the opportunities I have had to investigate and observe, would feel as I do. I know you would. There is no question about it. That is, you would if you felt the same interest as I do in elevating and keeping up the conditions of the workingmen in this country. That is why, largely, I am a protectionist, and that is why, largely, I do not want to take this responsibility of admitting these boats of the United Fruit Co. to American registry and giving them the privilege of the American flag and American protection, because if we do it in this case, we must do it in other cases, and, as I say, we are taking a step in the wrong direction.

Mr. HARDY. Did you examine the conditions of the workingmen in England as compared with the conditions of the same class of people in Germany and France?

Mr. FAIRCHILD. Sure.

Mr. HARDY. Are they worse in those countries than they are in England?

Mr. FAIRCHILD. In some instances; but in England the workingmen are in the most deplorable condition of any class of workingmen in the world. Germany to-day is the great industrial menace to the Americans. The people of this country generally do not realize what we have to fear from Germany. Now, I say that because to-day I am employing men in Germany. I have an establishment over there where we keep steadily at work 25 or 30 men. We ship goods from this country and they are assembled in Berlin; and we also have a distributing depot in London. When I say "I," I refer to the company of which I am president and which I control. We have also in London to-day 25 or 30 men, and we have traveling salesmen who go all over Great Britain. We have an office in Liverpool and one in Glasgow, and we have offices also in different parts of Europe, and in that way I do not believe there is a man in this country to-day who is in closer touch with the industrial development of the world than I am, for the reason that my company has business all over the world and we have offices in almost every country of the world.

Mr. CLARK. What is the nature of the business?

Mr. FAIRCHILD. We manufacture clocks or time-recording devices that are sold to industrial establishments, and we have a very large business. We employ in our home factory here about 600 men, and the business is growing, because we are right in the line of industrial progress. We sort of blaze the way for industrial progress and cost-keeping devices.

Mr. HARDY. Is there any difference between the conditions in France and Germany?

Mr. FAIRCHILD. No material difference, I should say; no great difference. In Belgium the conditions are much worse than in France

or Germany. In Belgium there is more horse meat, for instance. That might be due to the conditions over there. I think there is more horse meat eaten to-day in Belgium than in any other European country.

Mr. CLARK. Are they under a system of protection?

Mr. FAIRCHILD. Belgium?

Mr. CLARK. Yes.

Mr. FAIRCHILD. Yes; they have their system of protection. Germany has become more and more a protective country. That is, it is enforcing more and more its protective policy.

Mr. CLARK. More so than France?

Mr. FAIRCHILD. In France and Germany both, now, they require more of concerns that ship there. In both of those countries we ship goods knocked down, as we say, and assemble them there.

Mr. CLARK. Is that to evade the payment of certain higher duties?

Mr. FAIRCHILD. Not to evade them, but avoid paying them.

Mr. HARDY. Has it not struck you that capital and labor are the two things that there is no protection for, or against? In other words, when you find that duties are so high in France as to prevent the importation from this country of goods you would like to sell there, you simply move your capital over and manufacture or assemble those goods over there, do you not?

Mr. FAIRCHILD. No; we do not move our capital over. We employ our labor here and we ship goods over there and use a part of the labor over there, in order to comply with the regulations. We could not begin to move over there. Of course if we should move over there we would have to employ entirely foreign labor.

Mr. HARDY. Why can you not manufacture over there? You have not got the labor with the skill?

Mr. FAIRCHILD. We could not manufacture over there for this reason, that we would not have our perfected organization. Undoubtedly you could take Americans over to France and use American methods in controlling your manufacture, and give them the benefit of an American organization, and you might manufacture there and compete with the French manufacturer.

Mr. HARDY. Let me carry that a little further.

Mr. FAIRCHILD. Very well.

Mr. HARDY. Now, the idea is that the labor abroad is so poorly paid that we can not, in this country, compete with it?

Mr. FAIRCHILD. Unless we reduce our wages here.

Mr. HARDY. And yet you are sending your product over there and selling it?

Mr. FAIRCHILD. We are sending it there to sell because our articles are patented here and are patented there, and there is a demand for them there. They can not manufacture them over there. Nobody can manufacture them except ourselves.

The CHAIRMAN. It seems to me that this is getting altogether out of the line of the matter under consideration.

Mr. FAIRCHILD. Yes, it is. I will be glad to sit down with you some time, Mr. Hardy, and discuss this matter indefinitely. I would be glad to, because I know we are honestly differing in opinion. I am simply giving my reasons for objecting to admitting to American registry foreign-built boats, because I think the moment we do that we attack our home industries, and I see no more reason why the

shipbuilding industry should be made to suffer than other industries. If it be the policy of us, as Republicans, to concede that the Democrats in their policies are right, that there should be lower tariffs and less protection, why, very well; but if we believe, as I do, in the protective policy of the Republican Party, then I believe that this step would be a most undesirable one, and I object to it.

Mr. HARDY. Did you read a little pamphlet which was sent, I believe, to every Member of Congress some time ago by Mr. Taussig, on tariff and free trade? He does not agree with either one of us.

Mr. FAIRCHILD. I received it, but did not read it.

Mr. HARDY. It is very interesting.

Mr. HUMPHREY. Now, Mr. Fairchild, if it will not interrupt you, I would like to ask you a question or two for information, because I think you are better qualified to answer than any other man in Congress. Do you send any of your product to South America?

Mr. FAIRCHILD. We are establishing to-day a considerable South American business. There is in South America to-day a considerable industrial development. We look upon South America as rather an inviting field; but all of our South American business is done through London.

Mr. HUMPHREY. That is what I was going to ask you.

Mr. FAIRCHILD. I had our London representative over here lately, and had a long conversation with him about South American development. But we do not attempt to ship to South America at all. We ship to London, and we have a large distributing depot there, and the London agent takes care of all of the South American business.

Mr. HUMPHREY. What I wanted to ask you is this: Do you find there is any difference in shipping facilities between Europe and South America and between this country and South America?

Mr. FAIRCHILD. The shipping facilities as between Europe and South America are entirely different. They have splendid shipping facilities. They have magnificent lines of steamers running from England to South America, and I understand very well that if one wants to go to South America it is really more convenient to go to Europe and go from there than it is to go from here; and it is about as cheap. But while I do understand that, that does not really reach the principle that is involved in this proposed measure.

Mr. HUMPHREY. I was going to ask you another question. Has your study of this question permitted you to reach a conclusion as to whether or not it is possible for American-built ships to run in the foreign trade without Government assistance—exclusively in foreign trade?

Mr. FAIRCHILD. I do not believe it is possible. I know it is not possible, and for that reason I have been for years a very firm believer in a ship subsidy. I think it is the only way that we can ever create a merchant marine without admitting all ships free and thus paralyzing our American shipbuilding industry.

Mr. HUMPHREY. Mr. Fairchild, from your study of the question, do you see in any way that the admission of foreign-built ships exclusively to the foreign trade, prohibiting any government assistance, would in any way, with what American ships we have, lessen the shipbuilding in this country?

Mr. FAIRCHILD. I should say if we admit 17 vessels of the United Fruit Co., that have been built abroad, to American registry and give them the protection of the American flag, there is no reason why we should not admit the vessels of other companies; and if we do that, why, we certainly strike a blow at the American shipbuilding industry. It can not be any other way.

Mr. HUMPHREY. That is the only point where you and I seem to have a different opinion about it. Now, I am unable to see where that would be true, and if I thought as you do, that it would be true, I would vote the same way that you would on this question.

Mr. FAIRCHILD. But, my dear sir, has not your position up to this time before this committee been entirely in sympathy and in accord with the position I take to-day?

Mr. HUMPHREY. It has always been the same, and I am the same now. I am in favor of admitting these vessels to American registry. It will make no difference in trade. They can perform all the trade and run just the same, and they will keep on in the trade, anyway; and the only difference, so far as I can see, is the difference in the flag. They run to the same ports; they do not take the place of a single American vessel; and there will not be a single American vessel displaced, nor a single day's work.

Mr. FAIRCHILD. There is no reason, if you give the flag to 17 of these vessels, why they can not go over and build 17 more, and the Gulf and the West Indies Co., instead of having their boats built at Newport News and other shipyards here, can do the same. They can get them built abroad cheaper than they can in this country, because they can be built abroad cheaper. The great item in the building of a ship is labor.

Mr. HUMPHREY. But the difference is that all these vessels you mention are either one of two things; either in the coastwise trade a portion or all of the time, or else they are receiving Government assistance. That is the difference.

Mr. FAIRCHILD. If it was simply a question of 17 vessels and you could stop there, I would not enter a protest; but, as I say, we are taking a step in the wrong direction, and we are letting down the bars and we are conceding something that I do not think we should concede.

Mr. HUMPHREY. We would agree on that, because I would not vote under any circumstances to admit a foreign-built vessel to any place where we can get an American-built vessel, but if we can not get American-built vessels and we can get the foreign-built vessels, and they are willing to take the flag without asking any privileges or changes in our navigation laws, I see no objection to it. In other words, they can do the business anyway. The United Fruit Co. can go and get all the vessels they want and put them in this trade now under a foreign flag, and if they take the American flag they can do the same thing. We have tried now for about seven or eight years, and we can not get one built in an American yard; and that is my idea about it. My view of the situation has just been that here is an opportunity to let these ships take the flag and run in exactly the same trade in which they are running now.

Mr. FAIRCHILD. But if they take the flag other lines should be permitted to take the flag also.

Mr. HUMPHREY. Yes; and it should be permitted.

Mr. FAIRCHILD. But there is no reason, then, why other lines should not buy boats abroad instead of having them built in this country; and if they do that, what is to become of our shipbuilding industry?

Mr. MCKINLAY. Are any of our shipyards building vessels for the foreign trade?

Mr. HUMPHREY. That is the trouble. They are not doing anything, and they say they can not do it.

Mr. MCKINLAY. There is nothing being built now anywhere?

The CHAIRMAN. Yes; they have built some boats for the Argentine Republic. That was by the Fore River Shipbuilding Co.

Mr. MCKINLAY. Yes; those are two battleships; but, I ask, are there any American ships being built in this country for foreign trade?

Mr. WILSON. Yes; there are some being constructed.

Mr. MCKINLAY. Where are they?

Mr. WILSON. I have forgotten; but the hearings of the last year will show that some of our American shipyards competed with the world and got the contracts to build vessels, and are building them. It was not an American ship, but it was ships or vessels for foreign countries.

Mr. GOULDEN. I think Mr. Wilson has in mind the Argentine battleships. Our people competed for those. I would like to ask my colleague, Mr. Fairchild, a question. I think I understood you to say that if this bill was confined to the 17 vessels of the United Fruit Co. you would support it?

Mr. FAIRCHILD. No.

Mr. GOULDEN. I wanted to know exactly what you had said on that subject.

Mr. FAIRCHILD. No; I understand that this bill is confined to the 17 vessels of the United Fruit Co.

Mr. GOULDEN. No; there is an amendment to it which provides for the admission of others complying with the requirements, if this measure should become a law.

Mr. FAIRCHILD. My idea is that if this is passed, giving American registry to the 17 vessels of the United Fruit Co., we can not consistently stop there.

Mr. MCKINLAY. Do you not think that the provision that the United States Government would take the vessels in time of necessity, in time of war, is a compensation for giving them the flag?

Mr. FAIRCHILD. It is compensation, if you are prepared to say you are in favor of free ships. I can not see how we can stop with the United Fruit Co., and if it is conceded by the Representative that the time has come for free ships, that is entirely another question. But what I say is that, in my opinion, as a man who believes in protection and protection of the interests of our workingmen, that this is most decidedly a step in the wrong direction. It is an admission that heretofore we have been entirely wrong. And we have not been wrong; we have been right. It is a most important matter, in my opinion.

Mr. HARDY. Do you think the time will ever come when this Government will consent to subsidize every vessel that carries foreign trade?

Mr. FAIRCHILD. I think the time should come when we should follow the same system that other nations have followed who have created a great merchant marine. I think that time has got to come, if we ever succeed in getting the marine.

Mr. HARDY. On that point I would like to make a few remarks.

Mr. HUMPHREY. Mr. Fairchild, I want to say that you and I agree exactly on all essentials. We only disagree as to the facts. I do not think that it will in any way affect any American shipyard, or increase the competition against any American ship, or that we will be putting a single ship where we could get an American ship. You and I agree exactly, on theory, in every word you say.

Mr. SWASEY. Mr. Humphrey, taking your attitude to be true, you are sailing out on a theory and a matter of opinion that it will not do any harm. Possibly it may do harm. Now, which is the safer thing to do, to trust to the possibility of an injury that may come, or to shut right down and prevent the possibility of its coming at all?

Mr. HUMPHREY. I have weighed that idea, too, and I realize the argument has been made, and in fact I think that the only thing that can be urged against this matter is the fear that it will be one step toward putting them in the coastwise trade. I think when you get right down to it that that is all there is against it. I think that is probably the idea of the gentlemen who appeared before us, and the idea that Mr. Swasey has. But against that fear, and the possibility of Congress doing that, which I hope they never will, I weigh on the other side, against that fear, the opportunity to get some good vessels under the American flag.

Mr. MCKINLAY. You had better give the Dollar company registration, too. They put nine big iron ships in the iron and coal trade in China.

Mr. HUMPHREY. They should all get it.

Mr. MCKINLAY. Why should they not?

Mr. FAIRCHILD. If the United Fruit Co.'s vessels get it.

Mr. MCKINLAY. We are talking about destroying an industry that is not in existence.

Mr. HUMPHREY. The reason the Dollar company would not come in is because they would not take it. They talk about it; but when you pin them down, what they want is the right to change the American navigation laws.

Mr. MCKINLAY. Mr. Dollar told me that he would not take the privilege of buying his ships in the world's market and running them under the American flag.

Mr. HUMPHREY. When I asked him in writing, so that I could state it to the committee, he said that he wanted it changed so that he could employ officers anywhere he pleased.

Mr. MCKINLAY. He told me last fall that a 5,000-ton ship would cost him over here somewhere about half a million dollars, and he could get that same ship for \$275,000 in Great Britain. Now, there is that much difference in a 5,000-ton ship.

Mr. FAIRCHILD. That difference comes almost entirely from the difference in the cost of labor.

Mr. MCKINLAY. Without any question. Now, where there is that difference in building ships by purchasing them in the British yards, how in the world will we ever construct them here for foreign trade?

Mr. FAIRCHILD. You are one of the representatives in this country of the protective policy of the Republican Party. If you are following out that line of argument, you can attack a score of industries and make the very same argument in favor of reduction and in favor of manufacturing goods abroad.

Mr. MCKINLAY. I believe that protection, like everything else, can be carried to an absurd conclusion. I do not believe that it is a panacea for all the ills in the world.

The CHAIRMAN. Referring to the vessels to be used in case of war, have we not now colliers and other vessels on the Lakes very much better adapted for those purposes than even these vessels which would be brought under the flag?

Mr. GOULDEN. I do not think any of the Lake steamers would be able to encounter the heavy seas of the ocean.

Mr. HUMPHREY. The Lake steamers, so experts tell me, are utterly unfitted for that purpose.

The CHAIRMAN. I do not know; I think you will find about as rough water on the Lakes as anywhere.

Mr. HUMPHREY. Oh, no.

STATEMENT OF HON. JOSEPH A. GOULDEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK.

Mr. GOULDEN. In answer to the question about lake vessels, before I make a few observations. I do not think there are any vessels on the Lakes, with one or two exceptions, that would be fit for the service referred to. I took an extended trip there, as the Chairman knows, and I do not think we could depend on the lake colliers for auxiliaries in time of trouble on the ocean.

Mr. HUMPHREY. I made some inquiry myself. Did you not find that it was the opinion of shipowners and shipbuilders that vessels of the character in use on the Lakes would be entirely unsuited for use on the ocean?

Mr. GOULDEN. That was the opinion of those who ought to know, and I assume did know.

I do not think, Mr. Chairman, that I can throw much light on this subject or change a vote. I grant to each Member the same right I hold for myself—to vote according to my honest convictions. Fortunately I think for myself I am a tariff-for-revenue man, and I received my education on this subject by living in the city of Pittsburgh for 16 years, and I want to say to my colleague from New York that I might have taken him in the days when I lived there—from 1875 to 1889—and shown him as bad conditions around the mills of the protected industries as he ever saw abroad; no question about that. It was an absolute disgrace to America to have workmen living in that way. I do not mean the skilled workmen, but the laborers. It was a disgrace to have them living in such a class of buildings unfit for human beings. One of our political slogans there in a certain year was, "98 cents is enough for a workingman. Harry Oliver." He made the statement that 98 cents a day was sufficient for an American workman to live on.

Mr. HARDY. That was the slogan; not that you believed that?

Mr. GOULDEN. No, sir; it was a slogan uttered by one of the leaders of the opposition, a leading and influential Republican, Anthony J.

Kloman, who was the original owner of the works on the Allegheny River and Twenty-eighth and Thirty-third Streets, Pittsburg, where Carnegie made his start. I knew him intimately. Andrew Carnegie and his brother Tom, with Henry Phipps, made their debut in the small rolling mills at Twenty-eighth and Thirty-third Streets in the seventies. It is needless to say that Mr. Carnegie has made good use of his time and of the protection afforded by a generous Government. In 1876 I rented desk room to a gentleman who paid me \$10 a month. He was a dapper young fellow, 28 or 30 years of age, bright and brainy. He was in the coke business and flouring-mill business at the time. That was the beginning of Henry Clay Frick; another shining example of what a high protective tariff has done for some people.

In 1876, in a visit to the Edgar Thompson steel works at Braddock, I noticed a bright young fellow there handling pig iron, and I said to my friend Superintendent Jones, "That is rather a clean-cut looking fellow to be doing that sort of work." He said "Yes; he blew in the other day and wanted a job and I put him to work. But," he said, "I am going to take him into the office. He writes a splendid hand, and I am going to give him something else to do." That was the start of our friend, Charlie Schwab, admittedly the best posted man on the making of steel in the world, and a capital good fellow.

So, I might go on and enumerate a great many people of that character who are now multimillionaires. It certainly educated me in a practical way on the tariff and caused me to be a tariff-for-revenue advocate.

Mr. HUMPHREY. At the same time you recognize the fact that there are great opportunities in this country for the workingmen?

Mr. GOULDEN. For what?

Mr. HUMPHREY. That there are great opportunities for the workingman?

Mr. GOULDEN. I am just coming to that point, and I am glad my friend Mr. Humphrey called my attention to it. It is a funny thing about this question of wages. Take the city of Pittsburg, where they had magnificent labor unions, the Amalgamated Steel and Iron Workers, and others, who each year met the manufacturers and employers of labor in conference and decided upon the subject of wages for the following year; in 1876, 1877, and 1878, they were paying \$5.50 a ton for puddling iron in the city of Pittsburg. Down at Pottstown, and other places in eastern Pennsylvania, they paid \$3.75 for the same work. Why? Simply because there were no labor unions there. Now, my friend, if you think a protective tariff is going to keep up wages, it ought to have affected those men at Pottstown and other places just the same as it did at Pittsburg. It did not do it. Now, that is an absolute fact; no rubbing it out. I have no desire to get into a discussion on protection, or anything of the kind, but these are stubborn facts.

Mr. HUMPHREY. You will admit, though, that wages are higher here than in England, will you not?

Mr. GOULDEN. When you consider the difference in the cost of living I am not quite so sure that this is so to any appreciable extent.

The CHAIRMAN. I can produce facts that will convince you of that.

Mr. CLARK. Mr. Chairman, let us stick to the text.

Mr. GOULDEN. In going up the Lakes I ran against some of the Canadian shipowners and found that the men were getting from \$8 to \$12 a month less than our men were getting. I asked why? They said, "Well, a dollar buys a great deal more in Canada." I said, "Do you consider that your wages of \$8 to \$12 a month less represents an equivalent of the wages paid on the American side?" They said, "We do, absolutely."

The CHAIRMAN. May I ask you a question?

Mr. GOULDEN. Yes.

The CHAIRMAN. What causes a million people to leave the other side of the water and come over here every year?

Mr. GOULDEN. That is easily answered.

The CHAIRMAN. What is it?

Mr. GOULDEN. Their form of Government and limited opportunities thereunder is such that it drives them here. There is not a man here whose ancestors did not come over from Europe to better their condition, not because there was a protective tariff when they came.

The CHAIRMAN. But there were no such numbers in proportion as come over to-day.

Mr. GOULDEN. Larger numbers in proportion to the population than come now.

Mr. MCKINLAY. When I left there in 1883 to come to the United States it was a fact that for 40 years Canada had stood still in population, because their young men were drained off at the rate of 100,000 a year for 40 solid years, and it has been only in the last six or seven years that Canada has been able to hold her own.

Mr. GOULDEN. Not only that, but now she is drawing our people, our best blood and muscle, at the rate of 100,000 a year on account of her rich virgin soil.

Mr. MCKINLAY. Oh, there are only a few going over on those farms.

Mr. ALEXANDER. Stick to the text.

Mr. HARDY. Take those black lands in Texas. For years you could not get anybody to go on them, and now they are drawing everybody.

Mr. GOULDEN. I do not want to take up any more of the time of the committee than a minute or two. In the Fifty-ninth Congress Mr. Cramp, of Cramp & Sons, appeared here, and I had quite a long talk with him. I said, "Mr. Cramp, is there any way in which we can aid the shipbuilding interests?" He said, "Yes." I said, "How?" He said, "Either by direct subsidy to the American vessels or some other way." I said, "You mean by a tonnage tax or discriminating duty?" He said, "Yes; that will do the same thing. But," he said, "if we were able to assemble and put up ships as they do it at Glasgow and elsewhere in Europe, we could build ships just as cheaply." He said, "Unfortunately, we can not do that. We only get an occasional case of ships to build, therefore we can not compete with them." He seemed to think if a tonnage tax or discriminative duties were added, American ships would be built in American yards, and it would be a great advantage; and I have no doubt he was correct in that. Now, this occurs to me about this bill that is before us. Just a word about that and then I will quit. I can not, for the life of me, see how our friends who are opposing this bill do so with the idea that it is going to interfere with American commerce. I do not see, for the life of me, how it is going to

interfere with the shipbuilding interests. We have a shipyard in my own district; therefore I ought to be interested in shipbuilding, and I am.

My people, although Republicans, connected with the shipbuilding interest, do not believe that a subsidy alone would accomplish those things, and they do not believe that the admission of free ships would hurt them to any extent. Here we have an opportunity to take in 17 new vessels, which would undoubtedly be a benefit to our Navy in the future, in time of distress, and, being restricted as they are, unable to enter the coastwise trade, even to enter the canal and get the benefit of the tolls that may accrue to American-built vessels, unable to receive any benefit whatever that may come from mail subventions, I do not see how it is going to hurt or affect a particle the interests that are here opposing this measure. I do not believe, if we pass the amendment suggested by Mr. Clark, that it would add 30 vessels, all told, to our merchant marine. I know something about the United Fruit Company's vessels. I have seen them on the ocean, in New York, and in New Orleans, and I believe they would answer admirably as colliers and cargo ships in time of trouble, when the country needed that class of vessels. You all realize in 1898 the shape we were in. The country was in a bad way, and I do not want to see that occur again. I want a sufficient number of ships flying the American flag that can be used for colliers and transport ships in time of distress in this country. I hope that that time will never come, but it may come, and therefore I am heartily in favor of this bill, as a measure, simply admitting 17 vessels, because it is a step in the right direction, although my friend from New York believes that it is a step in the wrong direction. That only shows to what extent men may differ, and differ honestly.

The CHAIRMAN. I would like to ask you a question.

Mr. GOULDEN. Certainly, Mr. Chairman. There is not anything I would not do for you.

The CHAIRMAN. You recall in past experiences here that sometimes we have granted ships American registry with the express stipulation that they should not enter into the coastwise trade, and yet they have come and asked for the privilege of entering into the coastwise trade, and it has been granted?

Mr. GOULDEN. Not in my time.

Mr. HUMPHREY. I do not know of a single vessel.

The CHAIRMAN. Yes; that was done in the case of the *Joseph W. Foster*.

Mr. HUMPHREY. Did she get American registry first?

The CHAIRMAN. Yes; and then applied for the coastwise registry. They tried it with the *Andromeda* and other ships, also.

Mr. GOULDEN. I secured American registry for two vessels at the request of the Merritt Wrecking Co., and when I finished up that job I promised I would never again apply for American registry for a wrecked vessel; not that I was opposed to the principle of it, but I did not want to spend three years' hard work getting measures of that kind through Congress.

Mr. HUMPHREY. With those vessels you knew that you were putting them right into competition with American vessels, did you not?

Mr. GOULDEN. Yes, sir; they were not restricted to foreign trade.

Mr. HUMPHREY. To the foreign trade?

Mr. GOULDEN. No; but the owners had expended in repairs about what it would have cost to build a new vessel.

Mr. HUMPHREY. What vessels?

Mr. GOULDEN. I do not recall, at this moment. I dismissed it from my mind, and resolved that I would vote against admitting any more foreign wrecks to American registry, because I believe that many of those foreign wrecks were not always accidental.

Mr. SWASEY. Suppose these 17 vessels were admitted to American registry, and after they had run them for a period of time, longer or shorter, they should come back here and say, "We are running under the American flag; we are patriotic; it is costing us \$125,000 a year more to run these vessels, and to be limited in the use to the foreign trade. We want to do a little business along both coasts of the American Continent, and we want the privilege that we are entitled to under the American flag, to go into any trade we please," would you vote, then, to let them into the coastwise trade?

Mr. GOULDEN. No, sir; most emphatically no, sir.

Mr. SWASEY. Suppose they had a constitutional right, and all the limitations put on did not affect it?

Mr. GOULDEN. Oh, you might suppose that the earth was going to end to-morrow, and I could not disprove. You might suppose anything.

STATEMENT OF HON. JOSHUA W. ALEXANDER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSOURI.

Mr. Chairman, I do not believe that the question of a protective tariff or free trade enters into the discussion of this proposition at all. I am a Democrat and in favor of a revenue tariff. I want to emphasize that, because our position has been misconstrued by our opponents when criticizing our alleged unfriendliness to American industries. So far as I am concerned, I claim to be as loyal to American industries and American labor as the highest protectionist present. I would not be indifferent to the care of our industries or American labor in levying a tariff duty.

It is charged here that my friend Mr. Humphrey has got into an inconsistent position. It is not incumbent on a Democrat to defend him. He is amply able to defend himself, and I think he made a very clear statement. Mr. McKinley, of California, I think agrees with him as to the merits of this bill.

Reference has been made to a resolution adopted by this committee. In the Sixtieth Congress, when there was a bill before us to admit the *Adromeda*, as I recollect, to American registry, I urged then some consistent policy with reference to the admission of these wrecks to American registry and the coastwise trade, and then said that I was opposed to it for the reason that it was favoritism and opened the gateway to fraud and was permitting these foreign-built ships to come into the coastwise trade in competition with American ships that were built in American shipyards, and I have been consistent in my opposition to it ever since.

My suggestion then was rejected by the majority of the members of this committee, among whom was Mr. Littlefield, of Maine. I had the satisfaction, in the Sixty-first Congress, to second the motion made by Mr. Douglas to adopt the resolution that was unanimously

adopted and committed the committee to that policy. I am in favor of this bill after striking out this latter clause, after the words "United States" in line 11 on page 1, "but shall not be excluded from that between this country and ports of the Panama Canal Zone," for the reason that in future, if our coastwise laws should be extended to the Panama Canal Zone, this company might claim under this clause that they had some right to enjoy the privileges of the coastwise trade. The provisions of the bill expressly exclude them from the coastwise trade. At present the Panama Canal Zone is foreign territory, so far as our navigation laws are concerned, and these vessels, in common with the vessels of all nations, may engage in the trade between our ports and the Panama Canal Zone and Central and South American countries. As I say, I am perfectly willing that this bill shall be hedged about so that these vessels may not engage directly or indirectly in the coastwise trade, because I want to be perfectly fair to our American industries, and I want to be fair especially toward those ship owners who have bought their ships in this country at the increased cost over the cost of construction in British or other foreign shipyards. I want to be entirely consistent in that. But here is a proposition to admit to American registry, 17 vessels belonging to the United Fruit Co. to engage exclusively in the foreign trade. What is the objection to it?

Our friend Mr. Greene, the honored chairman of this committee, says: "What are we to get in return for this privilege?" I have heard it asserted more than once that the privilege was regarded as of so little value that no American would invest his capital in a foreign ship and bring it under the American flag to engage in the foreign trade, but this is the first concrete case where the privilege is asked for.

The CHAIRMAN. Will you allow me to say just a word there?

Mr. ALEXANDER. Yes.

The CHAIRMAN. I thought I made it plain that their real reason for wanting this was that they were to obtain the advantage of the defense to them in case they had any trouble; that is, the opportunity to have the defense of the Army and Navy of the United States to defend them against any trouble they might have, and that that was the compensating advantage to them that they considered of more value for them to have the American flag, than anything else.

Mr. ALEXANDER. Yes. When I heard Mr. Humphrey was going to introduce this bill, I understood he was going to introduce a bill to admit these vessels to American registry without any limitation as to the coastwise trade. While I thought that was strange, indeed, I said then I would oppose it, and I would oppose it now if that was true; but upon examination of the bill I find the vessels are expressly excluded from our coastwise trade. Then, in view of the history of the past, I was curious to know why they would want American registry to engage in foreign trade alone.

I then found that this is a New Jersey corporation; that all the stockholders are American citizens; that whatever profit there is in this business, either in the operation of the ships or in their industries in Central and South America, comes directly to American citizens. I learned further that they had large investments in Central America and South America, for which they would invoke the

protection of our Government in the event their interests are threatened by those countries; and I think this question should be considered from the viewpoint that they are undertaking to bring their ships under the American flag for the purpose of obtaining American protection for their financial interests in Central and South America; and I assert that it is a matter of duty of our Government to these citizens of the United States, who have the right under their charter not only to build and operate ships but to engage in other business. They have other interests in these foreign countries, and if these interests are jeopardized they would have the same right to go to our State Department and invoke the aid of our Government as if their ships had been built in American shipyards. The only difference that I can see is this, that when their ships go there with the American flag at their mastheads it is notice to those people that they are owned by American citizens and have the right to the protection of our Government, and it would invoke for them that protection. Now, that is all that I can see in this proposition.

It was stated before this committee by the manager of these vessels that all their repairs are made in American shipyards, and these repairs amount to a considerable sum each year. While these are foreign-built ships, their repairs are made here in American shipyards by American labor.

Then, again, as suggested by Mr. McKinlay of California, and as often suggested here by Mr. Humphrey, where can this possibly be prejudicial to any American industry? The testimony is abundant before this committee that no ships are built in American shipyards for the foreign trade. Go to our Bureau of Navigation and search the reports, and you will find that that is absolutely true.

Mr. SWASEY. No; I beg your pardon.

Mr. ALEXANDER. Now, I just challenge you to name the ship or the time.

Mr. HUMPHREY. With the single exception of those going to receive a subsidy, or something of that kind.

Mr. ALEXANDER. Yes.

Mr. SWASEY. I beg your pardon; no sailing ships have been built in Maine in the last four years that are not in the foreign trade.

Mr. HUMPHREY. These under consideration are steamships.

Mr. SWASEY. Well, sailing ships.

Mr. HUMPHREY. Did those ships engage exclusively in the foreign trade?

Mr. SWASEY. No, sir; not exclusively.

Mr. ALEXANDER. My statement is, and I think the records will verify it, that not a single ship has been built in an American shipyard to engage exclusively in the foreign trade; and if that is true, then where is the competition? Where can there be prejudice to American industry? And if it is desirable to build up our American merchant marine in the oversea trade, why not embrace this opportunity? It is said this is a trust, and I am inclined to think that that is true; but if we bring these ships under our flag will they not be more subject to our law than under a foreign flag; and if the United Fruit Co. is a trust, will we not have a better opportunity to destroy or regulate that trust than if they continue under a foreign flag?

Now, of what use would they be to us as auxiliaries to the Navy? I concede that they would not be suitable for cruisers or scout ships, and they are not very well adapted for use as colliers; not nearly so well as the ships now being constructed by Capt. Crowley, which are especially adapted to that service. But would they not be available as troop ships and supply ships? Are they not admirably adapted to that service, and is not their speed ample to accommodate them to that service in the event of war; and does not the bill expressly provide that they may be taken over by the Government and used for that service? Now, I concede that is all that they would give this Government in return for the privilege of flying the American flag, and so far as their interests in Central and South America are concerned, I maintain that, as American citizens, they can invoke the protection of the Government, whether they fly the American flag or a foreign flag.

Mr. SWASEY. As to their exclusive property rights there on the land; but they can not fly the Norwegian flag and claim, if that flag is insulted by any foreign power, the protection of this Government.

Mr. ALEXANDER. The claim is made that if these ships are admitted to American registry it is just opening the door. I think Mr. Swasey has a notion that my associate Democrat and myself are simply wanting to get this opening so that we can get a foreign fleet under the American flag to engage in the coastwise trade. Now, if that is his notion, I want to disabuse his mind so far as I am concerned. I want to live up to this resolution, and pursue a consistent policy. I do not know that I will be in Congress long, but so long as I am here, I will never agree to admit these vessels to the coastwise trade.

Mr. HUMPHREY. Or any other foreign-built vessel?

Mr. ALEXANDER. No, sir; not to the coastwise trade.

Mr. SWASEY. Now, let me ask you this question: If you give these or any other vessels the American flag, if you say that they come under the Constitution; these vessels are owned by American citizens, commanded by American officers; do you think that any limitation that you put in any bill in Congress will limit the service that those vessels should do, and the service that should be done under that flag?

Mr. ALEXANDER. Now, I say very frankly that I have never considered that question very thoroughly, and my opinion would not be entitled to much weight; but, offhand, I would say that Congress has the right to place any limitations it may choose on the service that may be engaged in by those vessels.

Mr. SWASEY. Under the flag?

Mr. ALEXANDER. Yes, under the flag; just like they regulate those in our coastwise trade and in the foreign trade.

Mr. SWASEY. Then, the law is against foreign vessels under a foreign flag?

Mr. ALEXANDER. I understand your position; but our power rests in the commerce clause of the Constitution to regulate our domestic and foreign commerce, and I think we can place such limitations upon the trade in which these vessels may engage as we choose.

The CHAIRMAN. I would like to ask Judge Alexander a question. We were speaking about repairs to these vessels. Mr. Ellis stated, on the sixty-second page of this testimony, that they are not getting

anything from us to-day. They have made no repairs in American shipyards on American vessels, but they might possibly, if these 17 vessels were granted American registry; but under the present conditions and past conditions they have had no repairs done in American shipyards. That is in Mr. Ellis' own statement.

Mr. ALEXANDER. I did not understand he said that.

The CHAIRMAN. He said it, and you will find it on page 62.

Mr. ALEXANDER. I think he said they did have repairs made.

Mr. HUMPHREY. I think, still, the chairman is mistaken about that.

Mr. CLARK. A Newport News Shipbuilding Co. man himself made this statement, that one of these vessels was at his yards for repairs, and that they made an examination of the vessel, and that he was satisfied if they had been given an opportunity to bid on it he could have built that vessel for the money that she cost.

Mr. SWASEY. That was an old vessel. They overhauled her.

Mr. ALEXANDER. Of course, these 17 vessels have all been built in the last few years, and I do not suppose there have been many repairs made. All but two of them have been built in the last five years.

Just one word more. My theory has been all the while that if we did put it up to our own American shipyards to build these vessels in competition with the foreign builders they would do it. I believe that the trusts or combinations that control shipbuilding materials in this country, rather than see this industry go to foreign countries, would loosen up and give American shipyards a better chance. The testimony given before the Merchant Marine Commission, when they traveled all over this country and took the testimony of the Cramps and Wallace and others, was to the effect that the United States Steel Corporation was selling ship plates to foreign yards at from \$8 to \$10 a ton less than they sold them to the shipyards in this country for the construction and repair of ships in the American yards. That testimony is in the record. For that reason I think that if we put it up to them squarely they would permit these ships to be built in American yards. That is where I want them built, and I think if we just pursued that policy that would be the result.

STATEMENT OF HON. HARRY L. MAYNARD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA.

Mr. MAYNARD. Mr. Chairman, I have, on several occasions, in this committee and as a Member of Congress, voted to admit foreign wrecks to American registry. I did that reluctantly, because I somewhat doubted the propriety of it.

Mr. HUMPHREY. All of them in the coastwise trade, too, were they not?

Mr. MAYNARD. Every one of them; but they were vessels on which at least 70 per cent of their cost had been spent in American shipyards for repairs, the work being done by American workmen. American shipyards had been patronized to repair these vessels, and that much money had been spent in our American institutions and paid to our American workmen. But I almost made up my mind, even in a case of that kind, where the shipyards and the workmen benefited by the legislation, by the repairing of these wrecks in American shipyards, that only in exceptional cases would I ever vote again for a proposition of that kind.

Now, here comes a proposition in which not a dime has been spent in American shipyards, and there is nothing within our knowledge that leads us to believe that any money will be spent in American shipyards.

There are two reasons presented to this committee why these vessels should be admitted to American registry, and only two. One is on the ground of patriotism, and I do not believe that the gentlemen who advance that really believe there is anything in it themselves. The owners of these vessels—the United Fruit Co.—are not here at an expense of time and money trying to persuade Congress to give them American registry unless they see substantial benefit to them under that registration. I do not believe that there is anything in the cry of patriotism, and I do not feel that there is a single man on this committee who believes that is the motive that influences the United Fruit Co. to come here.

Mr. HUMPHREY. Let me ask you this question: Do you not think there are men in the United States who, if other things were equal and they owned a fleet of ships, would rather see them under the American flag than under a foreign flag for patriotic reasons?

Mr. MAYNARD. But do you not think their patriotism is a little late born?

Mr. HUMPHREY. I ask you that question.

Mr. MAYNARD. I know that there are people in this country who let their patriotism carry them to great lengths.

Mr. HUMPHREY. Suppose you yourself were the owner of a fleet of vessels flying a foreign flag, and it would make no difference to you—it would cost you nothing; it would be no disadvantage to you—would you not prefer the American flag?

Mr. MAYNARD. I would let my patriotism take another turn.

Mr. HUMPHREY. Will you answer me that question? Under those circumstances, if it made no difference to you, and if all other things were equal, would you prefer the flag of this country or of a foreign country?

Mr. MAYNARD. I would prefer the flag of my own country.

Mr. HUMPHREY. Certainly.

Mr. MAYNARD. But if I owned a fleet of vessels which, besides paying large dividends, would accumulate a surplus of \$12,000,000, I would spend some of that money in repairing those ships in American shipyards; and when we were getting all of those profits out of the American people, I would be willing for some of that money to go back to the workmen and to the people who were operating these large plants, and let my patriotism take that turn.

Mr. HARDY. Have you not just denied that any such patriotism existed?

Mr. MAYNARD. On the part of these people.

Mr. HARDY. They are just like other people.

Mr. MAYNARD. Because they have shown nothing here to make me believe that they have any such motive.

Mr. HARDY. If they came in and told you they were going to make a financial sacrifice, you would at once doubt their word?

Mr. MAYNARD. You have no right to say that.

Mr. HARDY. Are you not doing that with reference to these very people?

Mr. MAYNARD. I say that because they have not shown any patriotism. They are asking us to confer a favor on them, to give them the protection of this Government, and you say that they are asking for that on the ground of patriotism.

Mr. HARDY. Do you not recognize it as a business principle that every business pursues its financial interests?

Mr. MAYNARD. Then I think when any business interest in this country that makes its money out of the American people pursues that sort of a course, it should have no right to come to Congress and ask for the protection of this Government and ought not receive it if it does.

Mr. HARDY. You think that anybody that owns property under another Government ought not to be protected by this Government? If I go down to Mexico and invest some money in mines there, I ought not be protected as an American citizen?

Mr. McKINLAY. Does it not make any difference that these vessels are at the disposal of the Government in time of war?

Mr. MAYNARD. Yes; they are at the disposal of the Government, after they are changed so that the Government can utilize them. That does not amount to anything.

Mr. McKINLAY. The Government could take them at an agreed or condemnation price.

Mr. MAYNARD. Now, Mr. Humphrey has advanced the only other reason why these vessels should be admitted to the American registry; that is, that they are the first to ask it.

Mr. HUMPHREY. I did not say that.

Mr. MAYNARD. Did you not say that they were the first?

Mr. HUMPHREY. No; I said they ought not to be refused admission—

Mr. MAYNARD. I think you will find it in the record, plain.

Mr. HUMPHREY (continuing). Because there are no others applying now.

Mr. MAYNARD. That these were the first to apply?

Mr. HUMPHREY. They were the only ones.

Mr. MAYNARD. If these or any other parties had shown their patriotism in the line of patronizing American shipyards, then I would be ready to consider special legislation.

There is no shipyard in the country that is earning a dividend, and our shipyards would not be able to keep open but for the building of the ships for the American Navy, and I think we should do something that means work for the American workmen instead of doing something to pile up further surplus in the hands of this company.

Mr. HUMPHREY. Will you show me how an American workman would be deprived of a single day's work, and I will vote against the bill?

Mr. MAYNARD. If you provide for foreign vessels being admitted to American registry without doing anything to benefit American shipyards, you certainly do not do anything to build them up. If we put a premium on American shipyards, so that the American shipyards and American workmen shall be benefited by it, we will do more to help American workmen than we can in any other way. There is nothing in this of advantage to the Government or the people. The only advantage is to the United Fruit Company.

Mr. GOULDEN. Would it be necessary to officer all of these steamers, 17 of them, with American officers, if they came under the American flag?

Mr. MAYNARD. Yes.

Mr. GOULDEN. That would at once add 100 or 200 men, who would have to be Americans; and they are workmen, too.

Mr. MAYNARD. Of course, there is no proposition that can be presented, in favor of which you can not find some argument, or that you can not find some reason to bolster up or support; but it does not seem to me there is enough in favor of this to cause Congress to vote to admit these vessels to American registry. I want to state right here that I am absolutely opposed to free ships.

Mr. CLARK. Mr. Chairman, I make a point of no quorum.

The CHAIRMAN. What is the pleasure of the committee.

Mr. HARDY. I move we have the clerk of the committee telephone to the Members, who are all close by, and get them to come here.

The CLERK OF THE COMMITTEE. Mr. Hardy, I would merely suggest I would be glad to telephone to them, but they will not come back.

Mr. HUMPHREY. Before we adjourn, in justice to Mr. Ellis, I want to correct the statement about his saying that these vessels were not repaired in American yards. What the chairman read was the statement that Mr. Ellis made in regard to reclassification of ships, and the language is open to that construction. We all know that that is not what he meant. Here is what he said, at page 62 of the record:

I am not surprised at the objection raised here to-day by the shipbuilding industry, although I did not expect to see it come so strongly, because how in the world a bill like this can hurt them I do not see. They are not getting anything from us to-day, and under this bill they will get an opportunity to reclass 17 ships, when they are reclassified during the next five years, which they are not getting now, and will not get if these ships continue under the British flag, which they will do unless some legislation of this kind is carried out.

Now, that referred to classification and not to repairs at all.

The CHAIRMAN. Where was the other place where he said—

Mr. HUMPHREY. I have not found it yet.

Mr. MAYNARD. Mr. Chairman, when a quorum is present I would like to continue my remarks.

Mr. ALEXANDER. I would like to make a protest against this breaking of a quorum by this committee. I have sat here since half past 10 o'clock, and I do not think it is just or fair to the Members who are sitting here and patiently waiting for a vote.

Mr. MAYNARD. I want to express my protest against breaking a quorum.

Mr. ALEXANDER. I tried to get a vote on this bill two or three days ago, as the committee knows, and I have been anxious to get a vote on it all the time, and I want to express my emphatic protest against this breaking of the quorum by the committee.

The CHAIRMAN. I want to call attention to this repair business. I knew that I was not mistaken. On page 22 of the Record this is reported. The first question was asked by Mr. Clark, and this reads as follows:

Mr. CLARK. Vessels that you own outright?

Mr. ELLIS. Yes, sir. They are under the British flag. They do not touch this country.

Mr. BARCHFELD. Where do you have your repair work done?

Mr. ELLIS. It is all done in this country.

That is Mr. Ellis in reply. I knew that I was not mistaken about that.

Mr. HARDY. Mr. Chairman, can we adjourn to some time, and notify the members to be here.

The CHAIRMAN. I think we can.

Mr. CLARK. I move that we take a recess until 10.30 o'clock to-morrow morning, and that immediately upon convening the order be to call the roll and take a vote upon the pending amendments down to and including the passage of the bill.

The CHAIRMAN. That motion is not in order. A motion to adjourn is the only motion that is in order.

Mr. CLARK. Mr. Chairman, we adjourned yesterday until to-day.

Mr. GOULDEN. We took a recess.

The CHAIRMAN. We had a quorum present to do it.

(At 12 o'clock m. the committee left the room, in the absence of a quorum, without adjournment.)

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